

Traditional and Roth IRAs allow you to save money for retirement. This chart highlights some of their similarities and differences.

| Features | Traditional IRA | Roth IRA |
|--|--|--|
| Who can contribute? | You can contribute if you (or your spouse if filing jointly) have taxable compensation but not after you are age 70½ or older. | You can contribute at any age if you (or your spouse if filing jointly) have taxable compensation and your modified adjusted gross income is below certain amounts (see 2017 and 2018 limits). |
| Are my contributions deductible? | You can deduct your contributions if you qualify. | Your contributions are not deductible. |
| How much can I contribute? | <p>The most you can contribute to all of your traditional and Roth IRAs is the smaller of:</p> <ul style="list-style-type: none"> • \$5,500 (for 2015 - 2018), or \$6,500 if you're age 50 or older by the end of the year; or • your taxable compensation for the year, if your compensation is less than the contribution limits mentioned above. | |
| What is the deadline to make contributions? | Your tax return filing deadline (not including extensions). For example, you can make 2017 IRA contributions until April 17, 2018. | |
| When can I withdraw money? | You can withdraw money anytime. There may be some tax liability for early withdrawals. Please contact your tax consultant for more details. | |
| Do I have to take required minimum distributions? | You must start taking distributions by April 1 following the year in which you turn age 70½ and by December 31 of later years. | Not required if you are the original owner. |
| Are my withdrawals and distributions taxable? | Any deductible contributions and earnings you withdraw or that are distributed from your traditional IRA are taxable. Also, if you are under age 59 ½ you may have to pay an additional 10% tax for early withdrawals unless you qualify for an exception. | None if it's a qualified distribution (or a withdrawal that is a qualified distribution). Otherwise, part of the distribution or withdrawal may be taxable. If you are under age 59 ½, you may also have to pay an additional 10% tax for early withdrawals unless you qualify for an exception. |

Please click on this link for more details: <https://www.irs.gov/retirement-plans/traditional-and-roth-iras>

Roth IRA Frequently Asked Questions

Here are our most frequently asked questions about Roth IRAs

What is a Roth IRA?

A Roth Individual Retirement Account is an after-tax investment vehicle for retirement-focused investing. Contributions to a Roth IRA are made with after-tax money; the account owner does not get a tax deduction on them. The tax advantages come later: Funds held in a Roth IRA can be invested in numerous types of securities funds, and more through various account providers. All of the income they earn grows tax free. When funds are withdrawn at retirement, they are not taxed. (By contrast, contributions to a Traditional IRA are tax-deductible in most cases, but withdrawals are taxed at regular income-tax rates.)

What is a Roth IRA Conversion?

A Roth IRA conversion is a rollover from another account type (typically a 401(k) or Traditional IRA) into a Roth IRA account. In the past, many investors who earned above the annual income limits for Roth IRAs were restricted to other retirement products. Eventually, Roth IRA restrictions were loosened, opening up the Roth IRA to higher-income investors who previously had exceeded income limitations.

Do I Qualify for a Roth IRA?

The majority of the public does qualify for a Roth IRA. The only requirements to open a Roth IRA are that contributions are “earned income” and that the investor’s annual income falls below a designated threshold.

How Much Can I Contribute Annually to a Roth IRA?

Individuals under the age of 50 may contribute up to \$5,500 per year. If you are age 50 or over, you can contribute up to \$6,500. These numbers are dependent on falling below qualifying income limits.

Can I Contribute to a Roth IRA in Addition to a Traditional IRA?

Yes, but the sum of all contributions cannot exceed the annual IRA contribution limits for your age and income level.

Are Roth IRA Withdrawals Always Tax-Free or Are There Any Limitations?

All “qualified” Roth IRA distributions are tax-free. A distribution is deemed “qualified” when money has been in the account for at least five years and the owner is at least 59½ years old, or has become disabled, dies, or is using up to \$10,000 towards a first-time home purchase. In addition, owners can withdraw their contributions only (not the money—earnings—those contributions have earned) at any time without paying taxes (that’s because they have already paid taxes on those contributions).

How Long Can I Make Contributions to My Roth IRA Account?

You can make contributions to your IRA as long as you are earning income. Roth IRA contributions must be “earned income.” This is different from Traditional IRAs: You cannot contribute to a Traditional IRA starting the year that you reach age 70½.

At Some Point Am I Required to Begin Taking Distributions?

No. This is a major difference between Roth IRA and Traditional IRA Accounts. Owners of Traditional IRAs are mandated to take required minimum distributions (RMDs) after age 70½. Owners of Roth IRAs never have RMDs during their lifetime. (However, if you inherit a Roth IRA from someone else, you will be required to take distributions from that inherited Roth.)

Can I Transfer the Money in My Traditional IRA to a Roth IRA?

Yes. The government passed legislation making Roth IRA conversions open to more of the public starting in 2010.



Tax Return Deadlines and Contribution Limits

| Tax Return Deadlines | | | | | | |
|----------------------|-----------|------------|------------|-------------|------------|------------|
| Tax Year | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Deadline | 4/15/2013 | 04/15/2014 | 04/15/2015 | 04/18/2016* | 04/18/2017 | 04/17/2018 |

*April 19, 2016 for taxpayers in Maine and Massachusetts due to Patriots Day

| Traditional and Roth IRAs | | |
|---------------------------|---------------------------|--|
| Tax Year | Annual Contribution Limit | Additional "Catch-Up" Contribution for Owners Age 50 and Older |
| 2010-2012 | \$5,000 | \$1,000 (\$6,000 total) |
| 2013-2018 | \$5,500 | \$1,000 (\$6,500 total) |



Traditional IRA Deductibility Limits for 2018

The IRS released the income phase-out ranges for deducting 2018 Traditional IRA contributions on October 19, 2017.

| DEDUCTIBILITY PHASE-OUT RANGES FOR TRADITIONAL IRA CONTRIBUTIONS | | | | |
|--|--|----------------------------------|--------------------|--|
| Tax Year | Single or Head of Household Who IS an Active Participant * | Married Couple | | |
| | | Owner IS in Active Participant * | | Owner NOT an Active Participant Spouse is Active Participant * |
| | | Joint Return | Individual Returns | |
| | Individual MAGI | Joint MAGI | Individual MAGI | Individual or Joint MAGI |
| 2018 | \$63,000-\$73,000 | \$101,000-\$121,000 | \$0-\$10,000 | \$189,000-\$199,000 |

*Deductibility income limits are only relevant if a single filer, or one or both married filers is an active participant in a qualified retirement plan. (The “pension plan” box on IRS Form W-2 will be checked if the individual is an active participant for that year.)

A single filer who is not an active participant for the year can deduct all Traditional contributions regardless of income. For married filers, if neither spouse is an active participant, they can each deduct all Traditional contributions regardless of income



MAGI Limits for Regular Roth Contributions for 2018

The IRS released the income phase-out ranges for making 2018 Roth IRA contributions on October 19, 2017.

| MAGI LIMITS FOR REGULAR ROTH IRA CONTRIBUTIONS | | |
|--|------------------------------------|--|
| Filing status | Income Limit for Full Contribution | Phase-Out Range (Partial Contribution) |
| Single | Up to \$120,000 | \$120,000–\$135,000 |
| Married, filing jointly | Up to \$189,000 | \$189,000–\$199,000 |
| Married, filing separately | \$0 | \$0–\$10,000 |