

Traditional IRA Versus Roth IRA Comparison

The following table is a point-by-point comparison of a Traditional IRA and a Roth IRA, including information on tax features, eligibility and maximum contributions. If you'd like to see more information about either of these IRA types, click the corresponding Details links at the bottom of this page.

	Traditional IRA	Roth IRA
Description	An individual retirement account allowing either tax-deductible or nondeductible contributions and earnings to grow tax-deferred until they are withdrawn.	An individual retirement account allowing for tax-free withdrawals of nondeductible contributions and earnings.
Tax-Deductible Contributions	<ul style="list-style-type: none"> - If you and your spouse are not covered by an employer-sponsored retirement plan, contributions are tax deductible regardless of income. - If you or your spouse is covered by an employer-sponsored retirement plan, your deductible amount is dependent on your adjusted gross income. - Please refer to the Traditional IRA tax deductibility table. 	Contributions are not tax deductible.
Tax-Deferred Growth	Your earnings are tax-deferred until you withdraw them.	Your earnings are tax-deferred until you withdraw them.
Tax-Free Withdrawals	Your withdrawals are taxable and <u>deductible contributions</u> will be taxed at your existing income tax rate upon withdrawal.	If an account has been established for five years, contributions and their earnings may be distributed tax-free after age 59 ½.
Eligibility	Taxpayers who have earned income and nonworking spouses under age 70½.	Taxpayers who have earned income and nonworking spouses of any age.
Maximum contributions	<ul style="list-style-type: none"> - \$4,000 or 100% of earned income (whichever is less) for tax years 2005 and 2006. - Catch-up contributions of \$500 for tax year 2005 and \$1000 for tax year 2006 may be available to individuals age 50 or older. 	<ul style="list-style-type: none"> - Up to \$4,000 or 100% of earned income (whichever is less) for tax years 2005 and 2006. - Catch-up contributions of \$500 for tax year 2005 and \$1000 for tax year 2006 may be available to individuals age 50 or older. - Your adjusted gross income may limit your contribution amount. Please consult the Contribution Limit chart for details.
Required minimum distributions	Required minimum distributions must begin at age 70 ½.	There are no required minimum distributions.

