



First Minnetonka Investment Center: IRA Comparison Chart

IRA	Traditional	ROTH
Qualifications	Must have earned income. Must not be 70 ½ by the year end.	Individual must have earned income. May be any age.
Income Limitations	No limits for individuals not actively participating in employer retirement plans. If active participant in employer retirement plan, subject to phase-out rules: <u><i>Deductibility of Traditional IRA Contributions</i></u>	Regardless of coverage by employer retirement plan, subject to phase-out rules: MFJ: \$169,000 - \$179,000 Single: \$107,000 - \$122,000 MFS: \$0 - \$10,000
Contributions Limits	<u><i>IRA Contribution Limits chart</i></u>	<u><i>IRA Contribution Limits chart</i></u>
Allowable deduction	Full deduction if individual is not an active participant in an employer maintained retirement plan. Phase-out rules apply if an active participant. <u><i>Deductibility of Traditional IRA Contributions</i></u>	No deduction allowed.
Penalties	10% penalty is applied to all distributions that are taken before age 59 ½. A 6% penalty is applied to all excess contributions.	10% penalty is applied to all distributions that are taken before age 59 ½. A 6% penalty is applied to all excess contributions.
Rollovers and conversions	IRA funds may be rolled into another IRA. (Rollovers must be completed within 60 days to avoid tax implications) IRA funds may also be converted into Roth IRAs penalty free: Conversions are subject to income tax. Consult you tax advisor for more info. Only taxpayers with AGI less than \$100,000 are eligible.	Funds from one Roth IRA may be rolled over tax free into another Roth IRA.
Required Distributions	Must begin April 1, following the year the participant turns age 70 ½. <u><i>How much do you need to take out for RMD chart?</i></u>	Distributions may be required only after death of the participant. – See tax consultant for details.
Tax Treatment on Distributions	All distributions are taxable at participant's tax bracket.	Qualified distributions are nontaxable (including earnings). Certain nonqualified distributions are not subject to the 10% penalty, but the earnings portion is taxable (Consult your tax advisor for more info.).