How does a Traditional IRA differ from a Roth IRA? Which one is right for you? Once you know the answer to the first question, you may be able to answer the second.

Learn more today.

Exploring Your IRA Options

Explore what each type of IRA has to offer to get the most out of saving for your retirement.

This side-by-side comparison gives a general overview of the main differences between Traditional and Roth IRAs. Use it to help you decide which IRA is right for you. If you are eligible for both a Traditional and Roth IRA, you can contribute to both as long as your total contributions for the year do not exceed the annual limit.

A Traditional IRA may make sense if you
- are eligible for a Traditional IRA deduction,
- are not eligible to contribute to a Roth IRA,
- anticipate a higher tax rate while saving,
- anticipate a lower tax rate during retirement,
- are interested in taking required minimum distribution (RMD) amounts during retirement, or
- are not concerned about tax savings for beneficiaries.

A Roth IRA may be more fitting if you
- are not eligible for a Traditional IRA deduction,
- anticipate a lower tax rate while saving,
- anticipate a higher tax rate during retirement,
- want to avoid RMDs,
- are concerned about tax savings for beneficiaries, or
- are not eligible to contribute to a Traditional IRA because of the age limit.

This information is not intended to provide tax advice. See a competent tax advisor to help you determine which type of IRA best suits your needs.
## Exploring Your IRA Options

### Can I contribute?

**Roth IRA**

You are eligible to contribute if you earn compensation or file a joint tax return with a spouse who earns compensation, and your modified adjusted gross income (MAGI) is less than or within the defined limits. See the MAGI chart below.

**Traditional IRA**

You are eligible to contribute if you earn compensation or file a joint tax return with a spouse who earns compensation and you are under age 70½.

### Can I take an income tax deduction for my contribution?

**Roth IRA**

No. Roth IRA contributions are not tax-deductible.

**Traditional IRA**

Whether your Traditional IRA contribution is deductible on your federal income tax return depends on your marital and tax-filing status, your MAGI, and whether you or your spouse actively participate in an employer-sponsored retirement plan. If neither you nor your spouse is an active participant, you are eligible to deduct your full contribution. Otherwise, see the MAGI chart below.

### What are the MAGI* limits?

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<th>Tax-Filing Status</th>
<th>2017</th>
<th>Full Contribution</th>
<th>Partial Contribution</th>
<th>No Contribution Allowed</th>
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<tr>
<td>Single</td>
<td>$118,000 or less</td>
<td>$118,000–$133,000</td>
<td>$133,000 or more</td>
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<tr>
<td>2018</td>
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<td>$120,000–$135,000</td>
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<td>Married, Filing Jointly</td>
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<td>2018</td>
<td>$189,000 or less</td>
<td>$189,000–$199,000</td>
<td>$199,000 or more</td>
<td></td>
</tr>
</tbody>
</table>

If married, filing separate tax returns and MAGI is under $10,000, a partial Roth IRA contribution can be made.

### How much can I contribute each year?

**Roth IRA**

Depending on your MAGI, you may be able to contribute up to $5,500* for 2017 and for 2018, or if you are age 50 and older, up to $6,500 for 2017 and for 2018. Regular contributions to both Traditional and Roth IRAs in aggregate cannot exceed these limits, and contributions cannot exceed your annual compensation.

**Traditional IRA**

You can contribute up to $5,500 for 2017 and for 2018, or if you are age 50 and older, up to $6,500 for 2017 and for 2018. Contributions cannot exceed your annual compensation.

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*MAGI is your adjusted gross income before certain deductions or adjustments to income are made. MAGI limits are subject to annual cost-of-living adjustments (COLAs).

*These limits are subject to annual cost-of-living adjustments.
What are the benefits?

Roth IRA

• You may qualify for a saver’s tax credit of up to $1,000 when you make a contribution.
• Because all Roth IRA contributions must be included in your taxable income, and therefore are not tax-deductible, you can withdraw your contributions at any time, tax- and penalty-free.
• Any earnings generated within the IRA are tax-deferred (you do not pay tax on the earnings until you withdraw them). If you satisfy the qualified distribution* requirements, you can withdraw the earnings tax free.
• You are never required to take money out of your Roth IRA, no matter what your age.

Traditional IRA

• You may qualify for a saver’s tax credit of up to $1,000 when you make a contribution.
• Any earnings generated within the IRA are tax-deferred (you do not pay tax on the earnings until you withdraw them).
• If your Traditional IRA contributions are tax-deductible and therefore tax-deferred, you do not pay taxes on them until you withdraw the money.
• Any after-tax amounts (nondeductible contributions) within your IRA can be withdrawn tax- and penalty-free.

Will I ever be required to withdraw the money?

Roth IRA owners are never required to take distributions. After your death, however, your beneficiaries may be subject to required distributions.

NOTE: You may be subject to a 10 percent early distribution penalty tax on any taxable amount taken from either a Traditional or Roth IRA before you reach age 59½, unless you qualify for one of these penalty exceptions: disability, certain health insurance costs, certain medical expenses, higher education expenses, first-time homebuyer expenses, substantially equal periodic payments, IRS tax levy, qualified military reservist distributions, or death (beneficiary distributions).

Traditional IRA owners are required to take annual minimum distributions beginning with the year they turn age 70½. Your beneficiaries also will be subject to required distributions.

For More Information

Talk to us—we’ll be glad to provide you with more information on Roth and Traditional IRAs.