Exploring Your IRA Options

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

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.

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 you.
## Exploring Your IRA Options

### Can I contribute?

<table>
<thead>
<tr>
<th>Traditional IRA</th>
<th>Roth IRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>No. Roth IRA contributions are not tax-deductible.</td>
</tr>
</tbody>
</table>

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

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?

<table>
<thead>
<tr>
<th>Tax-Filing Status</th>
<th>Full Contribution</th>
<th>Partial Contribution</th>
<th>No Contribution Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single 2018</td>
<td>$120,000 or less</td>
<td>$120,000–$135,000</td>
<td>$135,000 or more</td>
</tr>
<tr>
<td>Single 2019</td>
<td>$122,000 or less</td>
<td>$122,000–$137,000</td>
<td>$137,000 or more</td>
</tr>
<tr>
<td>Married, Filing Jointly 2018</td>
<td>$189,000 or less</td>
<td>$189,000–$199,000</td>
<td>$199,000 or more</td>
</tr>
<tr>
<td>Married, Filing Jointly 2019</td>
<td>$193,000 or less</td>
<td>$193,000–$203,000</td>
<td>$203,000 or more</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?

Depending on your MAGI, you may be able to contribute up to $5,500* for 2018 and $6,000 for 2019, or if you are age 50 and older, up to $6,500 for 2018 and $7,000 for 2019. Regular contributions to both Traditional and Roth IRAs in aggregate cannot exceed these limits, and contributions cannot exceed your annual compensation.

<table>
<thead>
<tr>
<th>Tax-Filing Status</th>
<th>Active Participant</th>
<th>Full Deduction</th>
<th>Partial Deduction</th>
<th>No Deduction Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single 2018</td>
<td>Yes</td>
<td>$63,000 or less</td>
<td>$63,000–$73,000</td>
<td>$73,000 or more</td>
</tr>
<tr>
<td>Single 2019</td>
<td></td>
<td>$64,000 or less</td>
<td>$64,000–$74,000</td>
<td>$74,000 or more</td>
</tr>
<tr>
<td>Married, Filing Jointly 2018</td>
<td>Yes</td>
<td>$101,000 or less</td>
<td>$101,000–$121,000</td>
<td>$121,000 or more</td>
</tr>
<tr>
<td>Married, Filing Jointly 2019</td>
<td></td>
<td>$103,000 or less</td>
<td>$103,000–$123,000</td>
<td>$123,000 or more</td>
</tr>
<tr>
<td>Married, Filing Jointly No, but spouse is 2018</td>
<td></td>
<td>$189,000 or less</td>
<td>$189,000–$199,000</td>
<td>$199,000 or more</td>
</tr>
<tr>
<td>Married, Filing Jointly No, but spouse is 2019</td>
<td></td>
<td>$193,000 or less</td>
<td>$193,000–$203,000</td>
<td>$203,000 or more</td>
</tr>
</tbody>
</table>

If married, filing separate tax returns and MAGI is under $10,000, a partial Traditional IRA deduction can be taken.

*NOTE: These contribution limits are subject to annual cost-of-living adjustments (COLAs).

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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.

*Note: A Roth IRA qualified distribution occurs when money is withdrawn from your Roth IRA after you have owned a Roth IRA for at least five years, and you are age 59½ or older, disabled, a first-time homebuyer, or deceased.

Will I ever be required to withdraw the money?

**Roth IRA**
No. Roth IRA owners are never required to take distributions. After your death, however, your beneficiaries may be subject to required distributions.

**Traditional IRA**
Yes. 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.

**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, qualified disaster-related distributions, or death (beneficiary) distributions.

For More Information

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