

## COMPARING YOUR IRA OPTIONS

	Who can contribute?	How much can I contribute?	Who can make deductible contributions?	What are the tax advantages?	When can I withdraw without restrictions?
<b>ROTH IRA</b>	<ul style="list-style-type: none"> <li>•Anyone who has income from compensation (or who is filing jointly with a spouse who earns compensation) with the following MAGI: -Up to \$105,000 (single filers) -Up to \$166,000 (joint filers) *</li> <li>•Reduced contributions allowed for higher incomes (up to \$120,000 for single filers and \$176,000 for joint filers)</li> </ul>	<ul style="list-style-type: none"> <li>•\$5,000 through 2010</li> <li>•Higher limit if age 50 or older</li> <li>•Cannot exceed compensation</li> <li>•Reduces contributions that can be made to traditional IRA's</li> </ul>	<ul style="list-style-type: none"> <li>•No one can deduct contributions</li> </ul>	<ul style="list-style-type: none"> <li>•Regular contributions can be withdrawn tax – and penalty-free at any time</li> <li>•After the account has been open five tax years, earnings can be withdrawn tax- and penalty-free for any of these reasons: age 59 ½, disability, death, or a first-time home purchase**</li> </ul>	<ul style="list-style-type: none"> <li>•Earnings are tax-free if account is open for five tax years and withdrawn for a qualified reason (age 59 ½, disability, death, or a first-time home purchase**)</li> <li>•Not required to start withdrawals at age 70 ½</li> </ul>
<b>TRADITIONAL IRA</b>	<ul style="list-style-type: none"> <li>•Anyone under age 70 ½ who has income from compensation (or who is filing jointly with a spouse who earns compensation)</li> <li>•Anyone who has received a distribution from a qualified retirement plan and decides to move the proceeds of the plan into an IRA</li> </ul>	<ul style="list-style-type: none"> <li>•\$5,000 through 2010</li> <li>•Higher limit if age 50 or older</li> <li>•Cannot exceed compensation</li> <li>•Reduces contributions that can be made to Roth IRAs</li> </ul>	<ul style="list-style-type: none"> <li>•Fully-deductible contributions:               <ul style="list-style-type: none"> <li>-Single individuals not active in employer retirement plans (regardless of income)</li> <li>-Single individuals active in employer retirement plans with MAGI* of less than \$63,000</li> <li>-Married couples with neither spouse active in an employer retirement plan (regardless of income)</li> <li>-Married individuals active in employer retirement plans with joint tax returns showing MAGI* of less than \$105,000</li> <li>-Married individuals not active in employer retirement plans with spouses who are, as long as MAGI* is \$169,000 or less</li> </ul> </li> <li>•Individuals with incomes exceeding the above limits may be able to deduct an amount that is less than the maximum that can be contributed.</li> </ul>	<ul style="list-style-type: none"> <li>•Earnings grow tax-deferred until withdrawn</li> <li>•Contributions may be tax-deductible</li> </ul>	Withdraw penalty-free for any of the following reasons: <ul style="list-style-type: none"> <li>•Qualified higher-education expenses</li> <li>•First-time home purchase **</li> <li>•Age 59 ½</li> <li>•Disability</li> <li>•Qualifying medical expenses exceeding 7.5% of adjusted gross income</li> <li>•Payment to beneficiaries upon the owner's death</li> <li>•Payment of health insurance premiums while unemployed for 12 weeks or longer.</li> </ul>

<p><b>COVERDELL EDUCATION</b></p>	<ul style="list-style-type: none"> <li>•Anyone who has MAGI* <ul style="list-style-type: none"> <li>- Single filer: up to \$95,000</li> <li>- Joint income for filers: up to \$190,000</li> </ul> </li> <li>•Some people with higher MAGI may be able to make smaller contributions</li> <li>•Contributions not allowed after the beneficiary reaches age 18 (except for special-needs beneficiaries)</li> </ul>	<ul style="list-style-type: none"> <li>•\$2,000 per child</li> <li>•Limit applies to all Coverdell Education Savings Accounts (ESA) for the same child</li> </ul>	<ul style="list-style-type: none"> <li>•No one can deduct contributions</li> </ul>	<ul style="list-style-type: none"> <li>•Withdrawals for certain qualified education expenses are tax-free</li> <li>•Special-needs beneficiaries can withdraw funds tax-free to pay for qualified education expenses at any age</li> <li>•Qualified education expenses may included tuition, fees, books, computer equipment and technology required for elementary, secondary and post-secondary education.</li> <li>•A beneficiary may receive tax-free distributions from a Coverdell ESA in the same year he or she claims the lifetime Learning or HOPE Scholarship tax credits</li> </ul>	<ul style="list-style-type: none"> <li>•Withdrawals are tax- and penalty-free only for qualified education expenses ( earnings are subject to tax and penalty for most other withdrawals)</li> <li>•Funds can be transferred from one child's account to an account for another child in the family</li> </ul> <p><i>* MAGI – modified adjusted gross income from the federal tax form</i></p> <p><i>** Lifetime limit for exemption on first-time home purchase is \$10,000</i></p> <p><i>*** Formerly known as the Education IRA</i></p>
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