

Comparison of Traditional IRAs and Roth IRAs

	Traditional IRA	Roth IRA
Maximum yearly contribution (2015)	Lesser of \$5,500 or 100% of earned income (\$6,500 if age 50 or older)	Lesser of \$5,500 or 100% of earned income (\$6,500 if age 50 or older)
Income limitation for contributions	No	Yes
Tax-deductible contributions	Yes. Fully deductible if neither you nor your spouse is covered by a retirement plan. Otherwise, your deduction depends on your income and filing status.	No. Contributions to a Roth IRA are never tax deductible.
Age restriction on contributions	Yes. You cannot make annual contributions beginning with the year you reach age 70 1/2.	No
Tax-deferred growth	Yes	Yes; tax free if you meet the requirements for a qualified distribution.
Required minimum distributions during lifetime	Yes. Distributions must begin by April 1 following the year you reach age 70 1/2.	No. Distributions are not required during your lifetime.
Federal income tax on distributions	Yes, to the extent that a distribution represents deductible contributions and investment earnings.	No, for qualified distributions. For nonqualified distributions, only the earnings portion is taxable.
10% penalty on early distributions	Yes, the penalty applies to taxable distributions if you are under age 59 1/2 and do not qualify for an exception.	No, for qualified distributions. For nonqualified distributions, the penalty may apply to the earnings portion. (Special rules apply to amounts converted from a traditional IRA to a Roth IRA.)
Includable in taxable estate of IRA owner at death	Yes	Yes
Beneficiaries pay income tax on distributions after IRA owner's death	Yes, to the extent that a distribution represents deductible contributions and investment earnings.	Generally no, as long as the account has been in existence for at least five years.