Ask Your Banker...

Individual Retirement Accounts

American Bankers Association

TRADITIONAL AND ROTH IRAS AT A GLANCE

	Traditional IRA	Roth IRA
QUALIFICATIONS	Must have earned income and not have reached age 70 ½ by the end of the year.	Must have earned income. There are no age restrictions.
MAXIMUM CONTRIBUTIONS	Taxable years beginning in 2009 and after—$5,000*	Taxable years beginning in 2009 and after—$5,000*
CATCH-UP (50+OVER)	2009 and after—$1,000*	2009 and after—$1,000*
TAX STATUS OF EARNINGS	Tax-deferred until withdrawal	Not taxed. Earnings grow tax-free.
CONTRIBUTION RESTRICTIONS (BASED ON ADJUSTED GROSS INCOME)	Yes, if active participant in employer retirement plan. Contribution phase-outs for 2009 tax year: Singles—$55,000–$65,000; Married joint—$89,000–$109,000	Contribution phase-outs for 2009 tax year: Singles—$105,000–$120,000; Married joint—$166,000–$176,000
TAX DEDUCTION	Yes. Contributions up to the limit are fully tax deductible if you are not an active participant in a retirement plan. Otherwise phase-out rules apply.	No. These are after-tax dollars.
PENALTIES FOR EARLY WITHDRAWAL	None if: • Over 59 ½ • Death or disability • Qualified medical expense • Certain health insurance • Higher education expenses • 1st time home purchase (up to $10,000) • Due to IRS levy • Periodic payments	None if made after a 5-year period and: • Over 59 ½ • Death or disability • Qualified medical expense • Certain health insurance • Higher education expenses • 1st time home purchase (up to $10,000) • Due to IRS levy
REQUIRED DISTRIBUTIONS	Must begin by April following year participant turns 70 ½	Only after death of participant
CONTRIBUTIONS AFTER AGE 70 ½	Not allowed	Allowed

**To be adjusted annually for inflation in $500 increments*

Three things to consider when using an IRA:

1. **Contribution deadlines:** IRAs must be opened and/or funded by the April 15 tax-filing deadline to receive tax deductions.
2. **Catch-up contributions:** Individuals who have reached age 50 by the end of the year will be able to make additional catch-up contributions of $1,000 per year.
3. **Saving at tax time:** Have part of your federal-tax refund deposited directly into your IRA.

Remember:

Retirement savings accounts are insured up to $250,000 at FDIC-insured deposit institutions.

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