

IRA COMPARISON CHART

New IRA Legislation Effective 1/01/2002

	Traditional IRA				Roth IRA			
Eligibility & Qualifications	<ul style="list-style-type: none"> • Must have earned income • Must be under age 70 ½ the entire year 				<ul style="list-style-type: none"> • Must have earned income 			
Annual Contribution Limits	Tax Year	Contribution Limit	Catch – Up Contribution Limit	Contribution Limit for age 50 & over	Tax Year	Contribution Limit	Catch – Up Contribution Limit	Contribution Limit for age 50 & over
	2002	\$3,000	\$500	\$3,500	2002	\$3,000	\$500	\$3,500
	2003	\$3,000	\$500	\$3,500	2003	\$3,000	\$500	\$3,500
	2004	\$3,000	\$500	\$3,500	2004	\$3,000	\$500	\$3,500
	2005	\$4,000	\$500	\$4,500	2005	\$4,000	\$500	\$4,500
	2006	\$4,000	\$1,000	\$5,000	2006	\$4,000	\$1,000	\$5,000
	2007	\$4,000	\$1,000	\$5,000	2007	\$4,000	\$1,000	\$5,000
	2008	\$5,000	\$1,000	\$6,000	2008	\$5,000	\$1,000	\$6,000
	2009 & beyond	\$5,000 + COLA	\$1,000	\$6,000 + COLA	2009 & beyond	\$5,000 + COLA	\$1,000	\$6,000 + COLA
	* Contribution limit or 100% of earned income – whichever is less				* Contribution limit or 100% of earned income – whichever is less			
Tax Status Of Earnings	Tax-deferred until withdrawal				Not taxed - Earnings grow tax free			
Contribution Restrictions	Yes, if active participant in employer retirement plan, phaseout between \$33,000 - \$43,000 MAGI for singles and \$53,000 - \$63,000 MAGI for married couples. No limits for individuals not actively participating in employer retirement plan.				Yes, contributions phaseout between \$95,000 - \$110,000 MAGI for singles and \$150,000 - \$160,000 MAGI for married couples.			
Tax Deduction	Yes Contributions up to the limit are fully tax deductible if you are not an active participant in a retirement plan. Otherwise phaseout rules apply.				No			
Distributions That avoid 10% IRS Penalty	<ul style="list-style-type: none"> • Over 59 ½ • Death or Disability • Qualified medical expenses • Certain health insurance • Qualified college expenses • 1st time home purchase (up to \$10,000) • Due to IRS levy 				<ul style="list-style-type: none"> • Over 59 ½ • Death or Disability • Qualified medical expenses • Certain health insurance • Qualified college expenses • 1st time home purchase (up to \$10,000) • Due to IRS levy 			
Required Minimum Distributions	Must begin by April 1 st of the year following the year the participant turns 70 ½.				Only after death of the participant			
Contributions After Age 70 ½	Not allowed				Allowed			

This information is intended to provide general information concerning new IRA legislation. It is not intended to be a detailed explanation of the legislation or how such legislation may apply to your circumstances. Please consult with your tax professional before making any decisions.