

IRA: TRADITIONAL VS ROTH



VS

Traditional

Roth

Contributions

Pre Tax

After Tax

that grow

tax-deferred

tax free

can be
withdrawn

penalty free after 59 1/2

penalty free after 5
years and age 59 1/2

taxed as

ordinary income

tax free*

required to
distribute

age 72

n/a

tax benefit

now

future



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Some IRA's have contribution limitations and tax consequences for early withdrawals. For complete details, consult your tax advisor or attorney. Distributions from traditional IRA's and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59 $\frac{1}{2}$, may be subject to an additional 10% IRS tax penalty. Converting from a traditional IRA to a Roth IRA is a taxable event. A Roth IRA offers tax free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal or earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59 $\frac{1}{2}$ or due to death, disability, or a first time home purchase (up to a \$10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes.

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