

ROTH VERSUS TRADITIONAL RETIREMENT ACCOUNTS

	TRADITIONAL	ROTH
Maximum Annual IRA Contribution (in 2017)	100% of annual compensation or \$5,500 (if age 49 or younger) / \$6,500 (if age 50 or older), whichever is less.	Same as Traditional IRA, subject to phase-out range, depending on modified adjusted gross income.
Maximum Retirement Plan Contribution (in 2017) for 401(k), 403(b), and most 457 plans	<ul style="list-style-type: none"> • \$18,000 if age 49 and younger • Additional \$6,000 for age 50 and older 	<ul style="list-style-type: none"> • \$18,000 if age 49 and younger • Additional \$6,000 for age 50 and older
Deductible Contributions	Yes, either fully or partially.	No.
Federal Income Tax Treatment on Earnings	Earnings grow tax-deferred until distributions begin.	Earnings grow tax-free.
Federal Tax Treatment on Withdrawals	Distributions are taxed as ordinary income.	Qualified distributions are tax-free.
Distributions	<p>Distributions from contributions and earnings can be taken after age 59 1/2 without federal tax penalty. Mandatory withdrawals must begin no later than April 1 following the year the account holder reaches age 70 1/2.</p>	<p>Distributions from contributions can be made any time without taxes or tax penalty. Distributions from earnings are tax-free if the initial contribution to the account was made at least 5 years prior and the account holder meets one of the following:</p> <ul style="list-style-type: none"> • age 59 1/2 • disabled • purchasing a first home (up to \$10,000 lifetime maximum)
Required Minimum Distributions (RMDs)	Account holder must begin taking RMDs no later than April 1 of the year following the year he or she turns age 70 1/2.	No RMDs apply during the account holder's lifetime. Also, more tax-free is possible.