

# Traditional and Roth IRAs

## Traditional IRAs

- \$7,000/year
- Tax-deductible contributions
- Taxable distributions, mandatory by age 72
- Additional 10% penalty before 59 ½ unless:
  - Retired
  - Deceased (to spouse)
  - Disabled
  - 1<sup>st</sup> time home buyer (\$10,000)
  - Higher education
  - Health insurance premiums while unemployed
  - First responder after age 50
  - Qualified medical expenses

## Roth IRAs

- \$7,000/year
- After-tax contributions
- Tax-free distributions
- Distributions not mandatory
- Nonqualified withdrawals will have the earnings taxed as income, plus an additional 10% penalty
- Qualified withdrawals meet two requirements:
  - The account has been open for at least five years
  - The withdrawal is because of one of the following:
    - Age 59 ½
    - Deceased
    - Disability
    - 1<sup>st</sup> home (\$10,000)