

Traditional and Roth IRAs

Traditional IRAs

- \$6,500/year
- Tax-deductible contributions
- Taxable distributions, mandatory by age 72
- Additional 10% penalty before 59 ½ unless:
 - Retired
 - Deceased (to spouse)
 - Disabled
 - 1st time home buyer (\$10,000)
 - Higher education
 - Health insurance premiums while unemployed
 - First responder after age 50
 - Qualified medical expenses

Roth IRAs

- \$6,500/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
 - 1st home (\$10,000)