

	Conventional IRA	Roth IRA
CONTRIBUTIONS	<p>maximum yearly contribution 6,000 (7,000) over age 50 (1)</p> <p>limited by earned income</p> <p>spousal IRA rules can by-pass earned income test</p>	<p>maximum yearly contribution 6,000 (7,000) over age 50 (1)</p> <p>limited by earned income</p> <p>spousal IRA rules can by-pass earned income test</p> <p>subject to AGI limitations</p>
DEDUCTIONS	<p>no limitation if no participation in work pension plan</p> <p>limits based on AGI imposed if taxpayer participates in work pension plan</p> <p>AGI limits different on MFJ return bases on spouse's participation in work pension plan</p>	<p>never deductible</p>
INCOME TAXATION DISTRIBUTIONS	<p>earnings always taxed</p> <p>contributions taxed if previously deducted</p> <p>if nondeductible contributions were made % of each dollar distributed is taxed (2)</p>	<p>not taxed if 5 year and 59 1/2 age test met</p> <p>if distribution is taxable contributions are distributed first (nontaxable) then earning (100% taxable)</p>
10% EXCISE TAX EARLY DISTRIBUTIONS	<p>applies to taxable portion of distributions occurring prior to age 59 1/2</p> <p>penalty tax (10% excise tax) is in addition to income taxes imposed on distributions</p> <p>exceptions to 10% tax based on use (3)</p>	<p>applies to taxable portion of distributions occurring prior to age 59 1/2</p> <p>penalty tax (10% excise tax) is in addition to income taxes imposed on distributions</p> <p>exceptions to 10% tax based on use (3)</p>

(1) The maximum yearly contribution is per taxpayer and includes contributions to all IRA's. Total contributions to Conventional and/or Roth IRAs cannot exceed the maximum of 6,000 or 7,000 (age 50+) per tax year

(2) nontaxable portion of distribution is determined by dividing nondeductible contributions by total IRA value

(3) exception applies only to 10% penalty tax and does not affect income taxation of distribution; exceptions to penalties based on use of funds are not the same for conventional and Roth IRAs