

The Roth IRA and the Traditional IRA—A Comparison

Contribution	Roth IRA	Traditional IRA
Maximum Annual Contribution for 2005	\$4,000 in 2005-2007 (\$4,000 to each of two accounts if filing jointly, and if age 50 or over, an additional \$500 "catch-up" contribution in 2005 and \$1,000 in 2006)	\$4,000 in 2005-2007 (\$4,000 to each of two accounts if filing jointly, and if age 50 or over, an additional \$500 "catch-up" contribution in 2005 and \$1,000 in 2006)
Eligible Income Ranges for 2005	<p>Single:</p> <ul style="list-style-type: none"> • AGI* \$95,000 or less; fully eligible to contribute • AGI \$95,001-\$109,999; partially eligible to contribute • AGI greater than or equal to \$110,000; not eligible to contribute <p>Married Filing Jointly:</p> <ul style="list-style-type: none"> • Combined AGI \$150,000 or less; fully eligible to contribute • Combined AGI \$150,001-\$159,999; partially eligible to contribute • Combined AGI greater than or equal to \$160,000; not eligible to contribute <p style="font-size: small;">*Adjusted gross income</p>	<p>Single:</p> <ul style="list-style-type: none"> • AGI \$50,000 or less; contributions fully deductible • AGI \$50,001-\$59,999; contributions partially deductible • AGI greater than or equal to \$60,000; contributions non-deductible <p>Married Filing Jointly:</p> <ul style="list-style-type: none"> • Combined AGI \$70,000 or less; contributions fully deductible • Combined AGI \$70,001-\$79,999, or between \$150,001-\$159,999 if one spouse is not participating in an employer's retirement plan; contributions partially deductible • Combined AGI greater than or equal to \$80,000, or greater than or equal to \$160,000 if one spouse is not participating in an employer's retirement plan; contributions non-deductible <p>These limitations only apply if an individual participates in an employer-sponsored retirement plan; otherwise you can deduct the full contribution.</p>
Contribution Period	An individual can contribute for as long as he or she is earning income, regardless of age.	Can contribute until the tax year age 70½ is attained.

Tax Advantages (For tax credit information, see the "Tax Credit" section in this brochure.)

Are contributions deductible?	Contributions are not deductible.	Within eligible income range, contributions are deductible.
How does it accumulate?	Accumulates tax-free.	Accumulates tax-deferred.
Are distributions taxed?	Distributions may be tax-free.	For tax-deductible traditional IRAs, the entire distribution is taxed; for non-deductible IRAs, only the earnings are taxed.

Distributions and Withdrawals

Age at Distribution and Early Withdrawals	<p>Qualified Distributions—Distributions are tax free if the account has been in existence for at least five years, and a distribution is taken for any one of the following reasons:</p> <ul style="list-style-type: none"> • Owner attains age 59½ • Disability • Death • First time home purchase (\$10,000 lifetime maximum) <p><i>Please note: Early withdrawals of earnings (prior to age 59½) are subject to a 10% penalty, with exceptions listed below.</i></p>	<ul style="list-style-type: none"> • Distributions before age 59½ are subject to a 10% penalty, with exceptions listed below. • Non-deductible IRAs are taxed only on withdrawals of earnings.
IRS Penalty-free Withdrawals Before Age 59½	<p>Withdrawals permitted for the following:</p> <ul style="list-style-type: none"> • First time home purchase (\$10,000 lifetime maximum) • Disability • Death (for beneficiaries) • Qualifying education expenses • Certain medical and unemployment expenses • Certain substantially equal periodic payments • Distribution on account of IRS Tax Levy 	<p>Withdrawals permitted for the following:</p> <ul style="list-style-type: none"> • First time home purchase (\$10,000 lifetime maximum) • Disability • Death (for beneficiaries) • Qualifying education expenses • Certain medical and unemployment expenses • Certain substantially equal periodic payments • Distribution on account of IRS Tax Levy
Are distributions required?	None required (except for beneficiaries at death).	Distributions are required at age 70½

Conversions

Conversion and Rollover Eligibility	Traditional IRAs can be converted or rolled over to a Roth IRA if your individual or combined AGI is \$100,000 or less. The benefits of this vary with your present and foreseeable tax bracket, and your age. Be sure to discuss this with your tax and financial advisors. For deductible traditional IRAs, the entire amount to be converted will be taxed. For non-deductible traditional IRAs, only your earnings will be subject to taxes.
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