

IRA Comparison Chart 2010

	ROTH IRA	TRADITIONAL IRA	COVERDELL IRA***
Who can contribute?	<p>Anyone who has income from compensation (or who is filing jointly with a spouse who earns compensation) with the following MAGI*</p> <p>Up to \$105,000 (single filers) Up to \$167,000 (joint filers)</p> <p>Reduced contributions allowed for higher incomes (up to \$120,000 for single filers and \$177,000 for joint filers)</p>	<p>Anyone under age 70 ½ who has income from compensation (or is filing jointly with a spouse who earns compensation)</p> <p>Anyone who has received a distribution from a qualified retirement plan and decides to move the proceeds of the plan into an IRA</p>	<p>Anyone who has MAGI*</p> <p>Single filer: up to \$110,000 Joint filer: up to \$190,000</p> <p>Some people with higher MAGI* maybe able to make smaller contributions</p> <p>Contributions not allowed after the beneficiary reaches age 18 (except for special needs beneficiaries)</p>
How much can I contribute?	<p>\$5,000 for 2010 \$6,000 for age 50 or older</p> <p>Contributions cannot exceed compensation</p>	<p>\$5,000 for 2010 \$6,000 for age 50 and older</p> <p>Contributions cannot exceed compensation</p>	<p>\$2,000 per child</p> <p>Limit applies to all Coverdell Education Savings Accounts (ESA) for the same child</p>
Who can make deductible contributions?	<p>No one can deduct contributions</p>	<p>Deductible up to annual contribution limit</p> <p>Single individuals not active in employer retirement plans</p> <p>Single individuals active in employer retirement plans with MAGI* of less than \$50,000 (2005-2010)</p> <p>Married couples with neither spouse active in an employer retirement plan</p> <p>Married individuals active in employer retirement plans with joint tax returns showing MAGI* of less than \$80,000 (2007-2010)</p> <p>Married individuals not active in employer retirement plans with spouses who are, as long as MAGI* is \$150,000 or less</p>	<p>No one can deduct contributions</p>

<p>What are the tax advantages?</p>	<p>Regular contributions can be withdrawn tax-and penalty-free at any time</p> <p>Earnings are tax-deferred and withdrawals are tax-free after the account has been open five tax years, earnings can be withdrawn for any of these qualified reasons: age 59 ½, disability, death, or first time home purchase**</p> <p>Not required to start withdrawals at age 70 ½</p>	<p>Earnings grow tax-deferred until withdrawn</p> <p>Contributions may be tax-deductible</p>	<p>Withdrawals for certain qualified education expenses are tax-free</p> <p>Qualified education expenses may include tuition, fees, books, computer equipment and technology required for elementary, secondary and post-secondary education</p> <p>A beneficiary may receive tax-free distributions from a Coverdell ESA in the same year he or she claims the Lifetime Learning or HOPE scholarship tax credits.</p>
<p>When can I withdraw without restrictions?</p>	<p>Earnings are tax-free if account is open for five tax years and withdrawn for a qualified reason (age 59 ½, disability, death, or a first time home purchase**)</p>	<p>Withdraw penalty-free for any of the following reasons:</p> <p>Qualified higher-education expenses</p> <p>First-time home purchase**</p> <p>Age 59 ½</p> <p>Disability</p> <p>Qualifying medical expenses exceeding 7.5% of adjusted gross income</p> <p>Payment to beneficiaries upon the owner's death</p> <p>Payment of health insurance premiums while unemployed for 12 weeks or longer</p>	<p>Withdrawals are tax-and penalty-free only for qualified education expenses (earnings are subject to tax and penalty for most other withdrawals)</p> <p>Funds can be transferred from one child's account to an account for another child in the family</p>

* MAGI: Modified Adjusted Gross Income from the federal tax form
 ** Lifetime limit for exception on a first-time home purchase is \$10,000
 *** Formally known as the Education IRA

NOT INTENDED AS TAX ADVICE. PLEASE CONSULT A TAX PROFESSIONAL.