

**IRA Comparison Chart 2012**

	<b>ROTH IRA</b>	<b>TRADITIONAL IRA</b>	<b>COVERDELL EDUC. SAVINGS ACCT.***</b>
<b>Who can contribute?</b>	Anyone who has income from compensation (or who is filing jointly with a spouse who earns compensation) with the following MAGI* Up to \$107,000 (single filers) Up to \$169,000 (joint filers)  Reduced contributions allowed for higher incomes (up to \$122,000 for single filers and \$179,000 for joint filers)	Anyone under age 70 ½ who has income from compensation (or is filing jointly with a spouse who earns compensation)  Anyone who has received a distribution from a qualified retirement plan and decides to move the proceeds of the plan into an IRA	Anyone who has MAGI* Single filer: up to \$95,000 Joint filer: up to \$190,000  Some people with higher MAGI* maybe able to make smaller contributions  Contributions not allowed after the beneficiary reaches age 18 (except for special needs beneficiaries)
<b>How much can I contribute?</b>	\$5,000 for 2012  \$6,000 if age 50 or older  Contributions cannot exceed compensation	\$5,000 for 2012  \$6,000 if age 50 or older  Contributions cannot exceed compensation	\$2,000 per child  Limit applies to all Coverdell Education Savings Accounts (ESA) for the same child
<b>Who can make deductible Contributions?</b>	No one can deduct contributions	Deductible up to annual contribution limit  Single individuals not active in employer retirement plans  Single individuals active in employer retirement plans with MAGI* of less than \$58,000 for 2012  Married couples with neither spouse active in an employer retirement plan  Married individuals active in employer retirement plans with joint tax returns showing MAGI* of less than \$92,000 for 2012  Married individuals not active in employer retirement plans with spouses who are, as long as MAGI* is \$173,000 or less	No one can deduct contributions
<b>What are the tax advantages?</b>	Regular contributions can be withdrawn tax-and penalty-free at any time  Earnings are tax-deferred and withdrawals are tax-free after the account has been open five tax years, earnings can be withdrawn for any of these qualified reasons: age 59 ½, disability, death, or first time home purchase**  Not required to start withdrawals at age 70 ½	Earnings grow tax-deferred until withdrawn  Contributions may be tax-deductible	Withdrawals for certain qualified education expenses are tax-free  Qualified education expenses may include tuition, fees, books, computer equipment and technology required for elementary, secondary and post-secondary education  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.
<b>When can I withdraw without restrictions?</b>	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**)	Withdraw penalty-free for any of the following reasons:  Qualified higher-education expenses  First-time home purchase**  Age 59 ½  Disability  Qualifying medical expenses exceeding 7.5% of adjusted gross income  Payment to beneficiaries upon the owner's death  Payment of health insurance premiums while unemployed for 12 weeks or longer	Withdrawals are tax-and penalty-free only for qualified education expenses (earnings are subject to tax and penalty for most other withdrawals)  Funds can be transferred from one child's account to an account for another child in the family

\* 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