

There are two types of individual retirement arrangements (IRAs): Traditional and Roth. Though the eligibility requirements differ, often the decision of whether to contribute to a Traditional IRA or a Roth IRA depends on your income. Both offer flexibility, accessibility, and valuable tax benefits.

Roth IRA

- You may qualify for a tax credit of up to $1,000 when you make a contribution.
- You can withdraw Roth IRA contributions at any time, tax and penalty free.
- Any earnings are tax-deferred (you do not pay tax on the earnings until you withdraw them).
- If you satisfy the qualified distribution requirements, you can withdraw the earnings tax free.
- You are never required to take money out of your Roth IRA, no matter what your age.

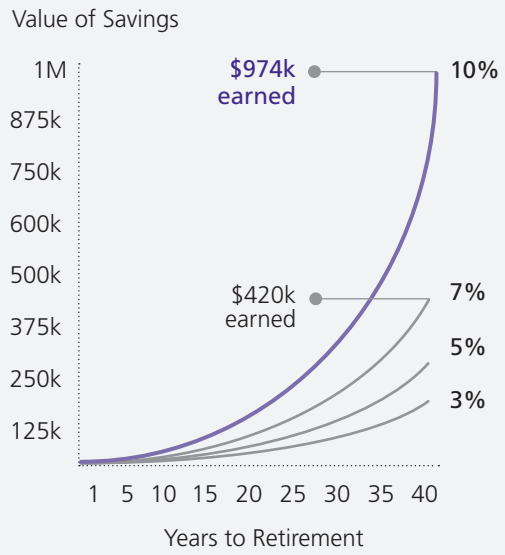
Traditional IRA

- You may qualify for a tax credit of up to $1,000 when you make a contribution.
- Any earnings are tax-deferred (you do not pay tax on the earnings until you withdraw them).
- If your contributions are tax-deductible, you do not pay taxes on them until you withdraw the money.
- Any after-tax amounts (nondeductible contributions) can be withdrawn tax and penalty free.

Save more when you start sooner.

Whether you're just beginning your career, planning for your family, or approaching retirement, it's never too late to start saving with an IRA. But the sooner you start, the greater the effect of compound interest on your savings.

$2,000 Annual Contribution



For More Information

We'd be happy to answer your IRA questions.

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Traditional and Roth IRAs

An IRA can help you save more for retirement.

Explore the differences between a Traditional IRA and a Roth IRA and decide which one is right for you.



Before you start saving with a Traditional or Roth IRA, you may have some basic questions. The answers will help you distinguish the differences between each.

Can I contribute?

Roth IRA

You are eligible to contribute to a Roth IRA if you earn compensation or file a joint tax return with a spouse who earns compensation, and your modified adjusted gross income (MAGI) is less than or within the defined limits.

Traditional IRA

You are eligible to contribute to a Traditional IRA if you earn compensation or file a joint tax return with a spouse who earns compensation. Starting with the 2020 tax year, you may make a contribution at any age.

How much can I contribute?

Depending on your MAGI, you may be able to contribute up to $6,000 for 2020 and for 2021, or $7,000 if you are age 50 and older. Regular contributions to both Traditional and Roth IRAs in aggregate cannot exceed these limits, and contributions cannot exceed your annual compensation.

You can contribute up to $6,000 for 2020 and for 2021, or $7,000 if you are age 50 and older. Contributions cannot exceed your annual compensation.

Can I take an income tax deduction for my contribution?

Roth IRA contributions are not tax-deductible.

Whether your Traditional IRA contribution is deductible on your federal income tax return depends on your marital and tax-filing status and whether you or your spouse actively participate in an employer-sponsored retirement plan. If neither of you is an active participant, you are eligible to deduct your full contribution. Otherwise, you'll need to refer to the MAGI limits for deductibility to determine how much can be deducted.

What is MAGI?

MAGI is your adjusted gross income before a Traditional IRA deduction (and certain other limited deductions or adjustments to income) are made. MAGI limits are subject to annual cost-of-living adjustments (COLAs).

What are the MAGI limits?

The MAGI limits for a Roth IRA are used to determine if and how much you can contribute.

Tax-filing status		Full contribution allowed	Partial contribution allowed	No contribution allowed
Single	2020	$124,000 or less	$124,000–$139,000	$139,000 or more
	2021	$125,000 or less	$125,000–$140,000	$140,000 or more
Married, filing jointly	2020	$196,000 or less	$196,000–$206,000	$206,000 or more
	2021	$198,000 or less	$198,000–$208,000	$208,000 or more

The MAGI limits for a Traditional IRA are used to determine if and how much you can deduct.

Tax-filing status	Active participation		Full deduction allowed	Partial deduction allowed	No deduction allowed
Single	Yes	2020	$65,000 or less	$65,000–$75,000	$75,000 or more
		2021	$66,000 or less	$66,000–$76,000	$76,000 or more
Married, filing jointly	Yes	2020	$104,000 or less	$104,000–$124,000	$124,000 or more
		2021	$105,000 or less	$105,000–$125,000	$125,000 or more
Married, filing jointly	No, but spouse is	2020	$196,000 or less	$196,000–$206,000	$206,000 or more
		2021	$198,000 or less	$198,000–$208,000	$208,000 or more

When can I withdraw the money?

You may withdraw money from either type of IRA at anytime, subject to federal income tax. If you are under age 59½, you will also be subject to a 10 percent early distribution penalty tax on any taxable amount taken, unless you qualify for a penalty exception: death (beneficiary distributions), disability, certain health insurance costs, certain medical expenses, higher education expenses, first-time homebuyer expenses, birth of a child or adoption expenses, substantially equal periodic payments, IRS tax levy, qualified military reservist distributions, or qualified disaster-related distributions.

Will I ever be required to withdraw the money?

No. Roth IRA owners are never required to take distributions.

After your death, however, your beneficiaries will be subject to required distributions (unless a spouse beneficiary treats the IRA as her own).

Yes. Traditional IRA owners are required to take annual minimum distributions beginning with the year they turn age 72 (or earlier if they turned age 70½ in 2019 or before). Your beneficiaries also will be subject to required distributions.