

IRA Comparison Chart

	Traditional IRA	Roth IRA	Coverdell ESA
Who can contribute?	Anyone under age 70 1/2 who has income from compensation (or who is filing jointly with a spouse who earns compensation).	You are eligible if you earn compensation and your MAGI ² is less than the defined limits set by Congress. If your MAGI is too high to contribute the annual contribution limit, you may be able to make a smaller contribution.	Anyone who meets the income requirements can open and contribute to your child's account. This includes grandparents, aunts, uncles and family friends. However, the total contributions to all Coverdell ESAs for each child can't exceed \$2,000 per year.
How much can you contribute?	Total combined contributions to Roth and Traditional IRAs up to \$5,000 through 2009 . If you are age 50 or older you can exceed the regular annual contribution limit by \$1,000/year for 2006-2010 . Contributions cannot exceed 100% of your compensation. Reduces contributions that can be made to Roth IRAs.	Total combined contributions to Roth and Traditional IRAs up to \$5,000 through 2009 . If you are age 50 or older you can exceed the regular annual contribution limit by \$1,000/year for 2006-2010 . Contributions cannot exceed 100% of your compensation. Reduces contributions that can be made to traditional IRAs.	Total combined contributions to all Coverdell Education Savings Accounts (ESA) for the same child \$2,000 per child
Who can make deductible contributions?	Fully deductible contributions: <ul style="list-style-type: none"> • Single individuals not active in employer retirement plans (regardless of income). • Single individuals active in employer retirement plans with a AGI¹ of \$55,000 or less for 2009. • Married couples with neither spouse active in an employer retirement plan (regardless of income). • Married individuals active in employer retirement plans with joint tax returns showing \$89,000 or less for 2009. • Married individuals not active in employer retirement plans, but with spouses who are, as long as AGI¹ is \$166,000 or less. Individuals with incomes exceeding the above limits may be able to deduct an amount less than the amount that can be contributed.	No one can deduct contributions.	No one can deduct contributions.
What are the tax advantages?	<ul style="list-style-type: none"> • Earnings grow tax-deferred until withdrawn. • Contributions may be tax-deductible. 	<ul style="list-style-type: none"> • Earnings are tax-free if account is open for five tax years and withdrawn for a qualified reason (age 59 1/2, disability, death, or a first-time home purchase)⁴ • You are not required to start withdrawals at age 70 1/2. 	<ul style="list-style-type: none"> • Earnings grow tax-free. • Withdrawals for qualified education expenses are tax-free. • Special-needs beneficiaries can withdraw funds tax-free to pay for qualified education expenses at any age. • 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 an Education IRA in the same year he or she claims the Lifetime Learning or HOPE Scholarship tax credits.
When can you withdraw without an IRS penalty?	Withdraw penalty-free for any of the following reasons: <ul style="list-style-type: none"> • Qualifying medical expenses exceeding 7.5% of AGI¹ • Qualified higher-education expenses • First-time home purchase⁴ • Age 59 1/2 or older • Disability • Payment to beneficiaries upon the owner's death • Payment of health insurance premiums while unemployed for 12 weeks or longer For reasons other than the above, you could be subject to a 10% early withdrawal penalty.	<ul style="list-style-type: none"> • Regular contributions can be withdrawn tax-free and IRS penalty-free at any time.³ • After the account has been open five tax years, earnings can be withdrawn tax-free and penalty-free for any of these reasons: age 59 1/2, disability, death, or a first time home purchase.⁴ 	<ul style="list-style-type: none"> • Withdrawals are tax-free and IRS penalty-free only for qualified education expenses (earnings are subject to tax and penalty for most other withdrawals).³ • Funds can be transferred from the account of one child to the account of another child within the same family.³

Not intended as tax advice. Please consult a tax professional. ¹ AGI = Adjusted Gross Income from the federal tax form. ² MAGI – Modified Adjusted Gross income. Contribution and deductibility limits change frequently. Consult your tax professional regarding your individual circumstances. ³ Penalties may apply for early withdrawal from Provident IRA Certificate. ⁴ Lifetime limit for exemption on first time home purchase is \$10,000.