

IRA Type	Who can contribute?	How much can I contribute?	Who can make deductible contributions?	What are the tax advantages?	When can I withdraw without restrictions?
<b>Roth IRA</b>	<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 \$ 95,000 (single filers) -Up to \$150,000 (joint filers)</p> <p>Reduced contributions allowed for higher incomes (up to \$110,000 for single filers and \$160,000 for joint filers)</p>	<p>\$4,000 for 2006 and 2007 \$5,000 for 2008-2010</p> <p>Owners age 50 and older, \$5,000 for 2006 and 2007 \$6,000 for 2008-2010</p> <p>Cannot exceed compensation</p> <p>Reduces contributions that can be made to traditional IRAs</p>	<p>No one can deduct contributions</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Earnings are tax-free if account is open for five tax years and withdrawn for a qualified reason (age 59 ½, disability, death, or a first time home purchase**)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>Not required to start withdrawals at age 70 ½</p>	<p>Regular contributions can be withdrawn tax- and penalty-free at any time</p> <p>After the account has been opened five tax years, earnings can be withdrawn tax- and penalty-free for any of these reasons:</p> <ul style="list-style-type: none"> <li>-Age 59 ½</li> <li>-Disability</li> <li>-Death</li> <li>-First-time home purchase**</li> </ul>
<b>Traditional IRA</b>	<p>Anyone under age 70 ½ who has income from compensation (or who 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 roll over the proceeds of the plan into an IRA</p>	<p>\$4,000 for 2006 and 2007 \$5,000 for 2008-2010</p> <p>Owners age 50 and older, \$5,000 for 2006 and 2007 \$6,000 for 2008-2010</p> <p>Cannot exceed compensation</p> <p>Reduces contributions that can be made to Roth IRAs</p>	<p>Fully-deductible contributions:</p> <ul style="list-style-type: none"> <li>-Single individuals not active in employer retirement plans</li> <li>-Single individuals active in employer retirement plans with MAGI* of less than: <ul style="list-style-type: none"> <li>- \$50,000 (2006-2010)</li> </ul> </li> <li>-Married couples with neither spouse active in an employer retirement plan</li> <li>-Married individuals active in employer retirement plans with joint tax returns showing MAGI* of less than: <ul style="list-style-type: none"> <li>- \$75,000 (2006)</li> <li>- \$80,000 (2007-2010)</li> </ul> </li> <li>-Married individuals not active in employer retirement plans with spouses who are, as long as MAGI* is \$150,000 or less</li> </ul>	<p>Earnings grow tax-deferred until withdrawn</p> <p>Contributions may be tax-deductible</p>	<p>Withdraw penalty-free for any of the following reasons:</p> <ul style="list-style-type: none"> <li>-Qualified higher-education expenses</li> <li>-First time home purchase**</li> <li>-Age 59 ½</li> <li>-Disability</li> <li>-Qualifying medical expenses exceeding 7.5% of adjusted gross income</li> <li>-Payment to beneficiaries upon the owner's death</li> <li>- Payment of health insurance premiums while unemployed for 12 weeks or longer</li> </ul>
<b>Coverdell Education Savings Account (ESA)</b>	<p>Anyone who has MAGI*</p> <p>-Single filer; up to \$95,000 -Joint income for filers; up to \$190,000</p> <p>Some people with higher MAGI may be able to make smaller contributions</p> <p>Contributions not allowed after the beneficiary reaches age 18 (except for special-needs beneficiaries)</p>	<p>\$2,000 per child per year</p> <p>Limit applies to all Coverdell Education Savings Accounts (ESA) for the same child</p>	<p>No one can deduct contributions</p> <p>* <i>MAGI – modified adjusted gross income from the federal tax form</i></p> <p>** <i>Lifetime limit for exemption on first time home purchase is \$10,000</i></p>	<p>Withdrawals for certain qualified education expenses are tax-free</p> <p>A beneficiary may receive tax-free distributions in the same year he or she claims the Lifetime Learning or HOPE scholarship tax credits</p> <p>Qualified education expenses may include tuition, fees, books, computer equipment and technology required for elementary, secondary and post-secondary education</p>	<p>Withdrawals are tax-free 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>