

## Traditional IRA vs. Roth IRA

	Traditional IRA	Roth IRA
Eligibility	Anyone under the age of 70 ½ with earned income.	Anyone with earned income (no age restrictions) whose AGI is not in excess of \$160,000 (joint returns) or \$110,000 (single returns).
Establishment Deadline	Tax filing due dates, no extensions.	Tax filing due dates, no extensions.
Total Contributions	100% of compensation or \$4,000 for 2005 and 2006* (combined limit between Traditional and Roth IRA) per individual, whichever is less.	100% of compensation or \$4,000 for 2005 and 2006* (combined limit between Traditional and Roth IRA) per individual, whichever is less.
Federal Tax Penalty-Free Distributions	Distributions are allowed after age 59 ½, or due to death, disability, using 72(t) method, certain medical expenses, medical insurance during long-term unemployment, first-time home purchases and higher education expenses.	Distributions of contributions are tax-free and penalty-free at any time. Earnings distributed penalty-free after age 59 ½, or due to death, disability, using 72(t) method, certain medical expenses, medical insurance during long-term unemployment, first-time home purchases and higher education expenses.
Required Minimum Distributions	Must start by April 1st of the year following the year the individual reaches age 70 ½ or within certain time limits after death. Failure to take out minimums may result in a 50% penalty tax on required amounts not withdrawn.	Mandatory distributions are not required at age 70 ½ but mandatory post-death distribution rules apply.

\*MAM Wealth Management and its Financial Advisors do not offer tax advice. Individuals should consult their personal tax advisor before making any tax-related investment decisions.”

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