

	Who can contribute?	How much can I contribute?	Who can make deductible contributions?	What are the tax advantages?	When can I withdraw without restrictions?
Roth IRA	<p>Anyone who has income from compensation (or who is filing jointly with a spouse who earns compensation), with the following MAGI:*</p> <ul style="list-style-type: none"> Up to \$95,000 for single filers Up to \$150,000 for joint filers <p>Reduced contributions allowed for higher incomes:</p> <ul style="list-style-type: none"> Up to \$110,000 for single filers Up to \$160,000 for joint filers <p>Anyone under age 70½ 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>	<ul style="list-style-type: none"> \$3,000 for 2004 \$4,000 for 2005-2007 <p>For owners age 50 and older, your limits increase to \$3,500 for 2004, \$4,500 for 2005, and \$5,000 for 2006 and 2007</p> <ul style="list-style-type: none"> Cannot exceed compensation Reduces contributions that can be made to traditional IRAs 	<p>No one can deduct contributions</p>	<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 Earnings are tax-free if account is open for five tax years and withdrawn for a qualified reason (age 59½, disability, death, or a first-time home purchase**) Not required to start withdrawals at age 70½ 	<ul style="list-style-type: none"> Regular contributions can be with-drawn tax-free and penalty-free at any time After the account has been open five tax years, earnings can be withdrawn tax-free and penalty-free for any of these reasons: age 59½, disability, death, or a first-time home purchase**
Traditional IRA	<p>Anyone under age 70½ 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>	<ul style="list-style-type: none"> \$3,000 for 2004 \$4,000 for 2005-2007 <p>For owners age 50 and older, your limits increase to \$3,500 for 2004, \$4,500 for 2005, and \$5,000 for 2006-2007</p> <ul style="list-style-type: none"> Cannot exceed compensation Reduces contributions that can be made to Roth IRAs 	<p>Fully-deductible contributions:</p> <ul style="list-style-type: none"> Single individuals not active in employer retirement plans Single individuals active in employer retirement plans with MAGI of less than: <ul style="list-style-type: none"> – \$45,000 (2004) – \$50,000 (2005-2010) 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: <ul style="list-style-type: none"> – \$65,000 (2004) – \$70,000 (2005) – \$75,000 (2006) – \$80,000 (2007-2010) Married individuals not active in employer retirement plans with spouses who are, as long as MAGI is \$150,000 or less 	<ul style="list-style-type: none"> Earnings grow tax-deferred until withdrawn Contributions may be tax-deductible 	<p>Withdraw penalty-free for any of the following reasons:</p> <ul style="list-style-type: none"> Qualified higher-education expenses First-time home purchase** Age 59½ 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
Coverdell Education Savings Account (ESA)***	<p>Anyone who has MAGI:</p> <ul style="list-style-type: none"> Up to \$95,000 for single filers Up to \$190,000 for joint filers Some people with higher MAGI may be able to make smaller contributions Contributions not allowed after the beneficiary reaches age 18 (except for special needs beneficiaries) 	<ul style="list-style-type: none"> \$2,000 per child each year Limit applies to all Coverdell Education Savings Accounts (ESA) for the same child 	<p>No one can deduct contributions</p>	<ul style="list-style-type: none"> Withdrawals for certain qualified education expenses are tax-free Qualified education expenses 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 	<ul style="list-style-type: none"> Withdrawals are tax-free 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

Not intended as tax advice. Please consult a tax professional.

** MAGI - Modified Adjusted Gross Income from the federal tax form*

*** Lifetime limit for exemption on first-time home purchase is \$10,000*

**** Formally known as the Education IRA*