



Roth IRA vs. Traditional IRA

	Roth IRA*	Traditional IRA*
Tax Benefits	Tax free growth Tax free withdrawals ¹	Tax Deferred Growth ² Contributions may be tax-deductible ³
Eligibility: Age	Any age with earned income (or if your spouse is filing jointly) ³	Under Age 70½ with earned income (or if your spouse is filing jointly) ³
Eligibility: Income	Single filers with AGI less than \$135,000 (phase-out begins at \$120,000); Married joint filers with AGI less than \$199,000 (phase-out begins at \$189,000)	No income limits ⁴
Taxation at withdrawal	No tax deduction for contribution, tax free earnings and withdrawals at retirement	Tax deduction for contribution year ⁴ , taxed at ordinary income tax rate on withdrawals. Beneficiaries pay taxes upon withdrawal
Penalties At Withdrawal	Contribution can be withdrawn at any time without penalty or taxes. After 5 years or 59½ earnings can be withdrawn without penalty or taxes ¹	Withdrawals before 59½ are subject to Income tax and 10% penalty
Minimum required distributions (MRDs)	Not subject to MRD at 70½	MRD must begin at 70½, missed MRD's are subject to tax penalty
Maximum Contribution	Both 2018 maximum contribution is \$5,500 or up to 100% of taxable income. Individuals 50 or older can make a \$1,000 catch-up contribution for a total contribution amount of \$6,500.	
Contribution Deadline	Monday, April 15, 2019 for the tax year of 2018. 2018 contributions can be made beginning January 1, 2018.	
Fees and Minimum Investment	There is no yearly minimum required contributions or fees to open a Traditional IRA or Roth IRA ⁵	

1. A distribution from a Roth IRA is federally tax-free and penalty-free provided that the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, qualified first time home purchase, or death certain long-term unemployment expenses; disability; or substantially equal periodic payments.
2. For Traditional IRAs, penalty-free withdrawals include but are not limited to: qualified higher education expenses; qualified first home purchase (lifetime limit of \$10,000); certain major medical expenses; certain long-term unemployment expenses; disability; or substantially equal periodic payments.
3. If you file a joint return, you may be able to contribute to an IRA even if you did not have taxable compensation as long as your spouse did. The amount of your combined contributions can't be more than the taxable compensation reported on your joint return.
4. For a Traditional IRA, full deductibility of a contribution for 2018 is available to active participants whose 2018 Modified Adjusted Gross Income (MAGI) is \$101,000 or less (joint) and \$63,000 or less (single); partial deductibility for MAGI up to \$121,000 (joint) and \$73,000 (single). In addition, full deductibility of a contribution is available for working or nonworking spouses who are not covered by an employer-sponsored plan whose MAGI is less than \$189,000 for 2018; partial deductibility for MAGI up to \$199,000.
5. TD Ameritrade and RLPaler Investment Advisors, LLC do not charge a fee to open a Traditional IRA or Roth IRA account. No minimum contribution is required. TD Ameritrade may charge fees for accounts in the future. TD Ameritrade may charge for commissions and other fees. RLPaler Investment Advisors, LLC charges an annual management fee disclosed upon opening an account.

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