IRA Types - Quick Comparison

	Roth IRA	Traditional IRA	Education Savings (ESA)
Who can Contribute	• Anyone who has income from compensation (or who is filing jointly with a spouse who earns compensation) with the following MAGI:* - Up to $95,000 (single filers) - Up to $150,000 (joint Filers) • Reduced contributions allowed for higher incomes (up to $110,000 for single filers and $160,000 for Joint filers)	• Anyone under age 70+1/2 who has income from compensation (or who is filing jointly with a spouse who earns compensation)	• Anyone Who has MAGI* - Single filer: up to $95,000 - Joint income for filers: up to $190,000 • 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)
How much can I contribute	• $3,000 for 2002 through 2004 • Higher limit if age 50 or older • Cannot exceed compensation • Reduces contributions that can be made to traditional IRAs	• $3,000 for 2002 through 2004 • Higher limit if age 50 or older • Cannot exceed compensation • Reduces contributions that can be made to Roth IRAs	• $2,000 per child • Limit applies to all Coverdell Education Savings Accounts (ESA) for the same child
Who can make deductible contributions	• No one can deduct contributions	• Fully-deductible contributions: - Single individuals not active in employer retirement plans (regardless of income) - Single individuals active in employer retirement plans with MAGI * of less than $34,000 - 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 MAGI* of less than $54,000 - Married individuals not active in employer retirement plans with spouses who are, as long as MAGI* is $150,000 or less • Individuals with incomes exceeding the above limits may be able to deduct an amount that is less than the maximum amount that can be contributed	• No one can deduct contributions
What are the tax advantages	• Regular contributions can be withdrawn tax-and-penalty-free at any time • After the account has been open five tax years, earnings can be withdrawn tax-and-penalty-free for any of these reasons: age 59+1/2, disability, death,	• Earnings grow tax-deferred until withdrawn • Contributions may be tax-deductible	• Withdrawals for certain qualified education expenses are tax-free • Special-needs beneficiaries can withdraw funds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

	or a first-time home purchase**		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
When can I withdraw without restrictions	• 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**) • Not required to start withdrawals at age 70+1/2	Withdraw penalty-free for any of the following reasons: • Qualified higher-education expenses • First-time home purchase** • Age 59+1/2 • 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	• Withdrawals are tax-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

* MAGI = modified adjusted gross income from the federal tax form
** Lifetime limit for exemption on first-time home purchase is $10,000

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