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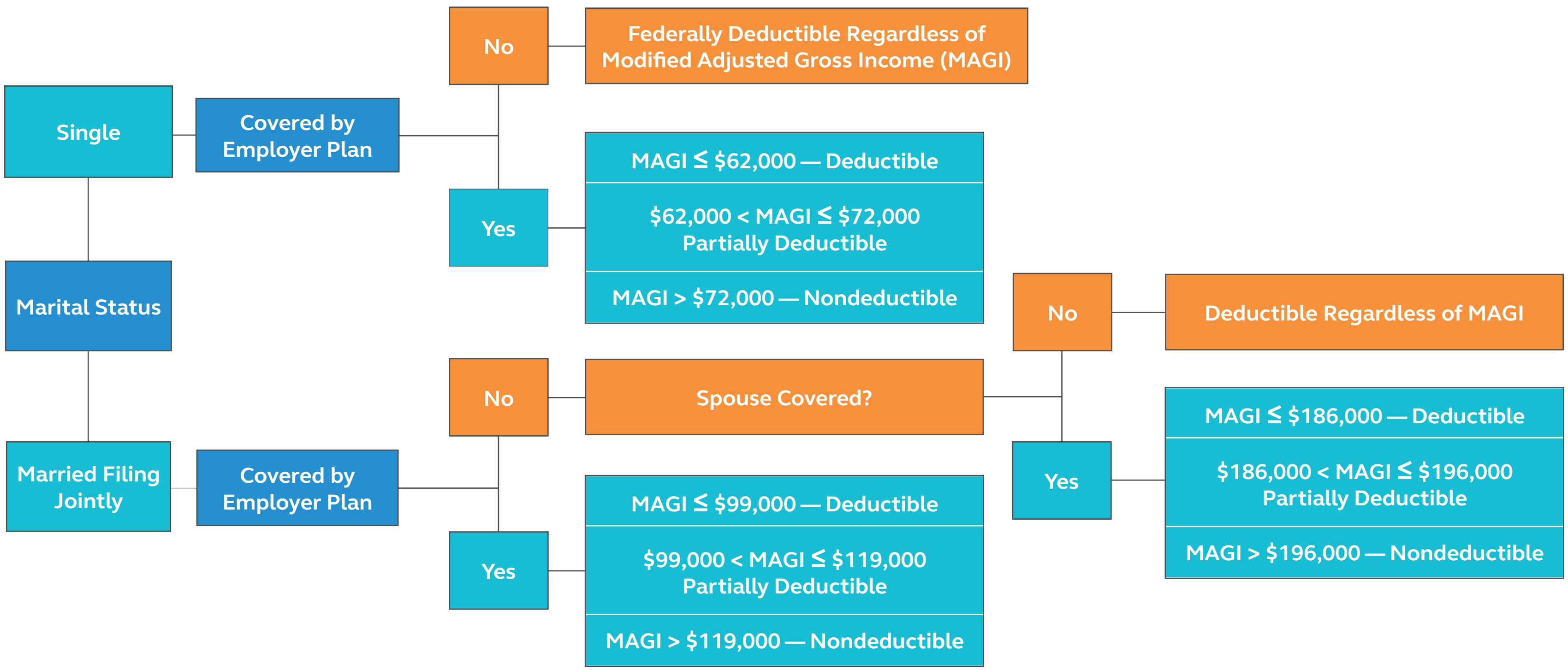
Deductibility of Traditional IRA Contributions

2017 Tax Year



The IRA contribution limit for tax year 2017 is $5,500. If age 50 or older, you can make an additional catch-up contribution of $1,000 for a total contribution of $6,500.

Choosing the type of IRA that's right for you

The differences between a traditional IRA and Roth IRA are outlined in the chart below.

	Traditional IRA	Roth IRA
Eligibility	Under age 70½ with earned income.	Any age with earned income.
Annual contribution limit	2017 $5,500	Same as traditional. Must have household Modified Adjusted Gross Income (MAGI) of maximum limit $118,000 or less (single) or $186,00 or less (married) to make maximum contributions. Individuals with MAGI $118,000 – $133,000 or married couples with MAGI $186,000 – $196,000 may make smaller contributions.*
Deductibility of contributions	Fully tax-deductible if not covered by an employer-sponsored retirement plan. Fully tax-deductible if covered by an employer-sponsored retirement plan and household MAGI is below $62,000 (single) or $99,000 (married). Individuals with MAGI $62,000 – $72,000 or married couples with MAGI $99,000 – $119,000 may make partially deductible contributions.*	Not tax-deductible.
Tax on earnings	Income tax-deferred and are taxed as ordinary income when withdrawn.	Federally tax-free if taken after five years and meets any one of the following: age 59½, death, disability, or first-time home purchase (up to $10,000).
Tax on withdrawals	Withdrawals are taxed as ordinary income (except those representing nondeductible contributions).	Contributions are federally tax-free at any time. Earnings will be taxed unless they meet the conditions stated above.
Early withdrawal contributions	Withdrawals taken prior to age 59½ are subject to a 10% IRS-imposed penalty unless one of several conditions is met. They include: • Death or disability • Catastrophic medical expenses • First-time home purchase (up to $10,000) • Higher education • Substantially equal periodic payments • Additional exceptions may apply	Withdrawals of earnings which do not meet the five-year exception are subject to a 10% IRS-imposed penalty unless one of several conditions is met. This includes: • Age 59½ • Death or disability • Catastrophic medical expenses • First-time home purchase (up to $10,000) • Higher education • Substantially equal periodic payments • Additional exceptions may apply
Rquired minimum distribution rules	Must begin withdrawing by April 1 of the year after you reach age 70½.	Not required to take withdrawals by any certain age.
Annual additional catch-up contributions for age 50 and older	2017 $1,000	Same.

*2017 tax year

Contact Your Financial Professional

To help you find the best type of IRA for your needs, contact your financial professional to get started.

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