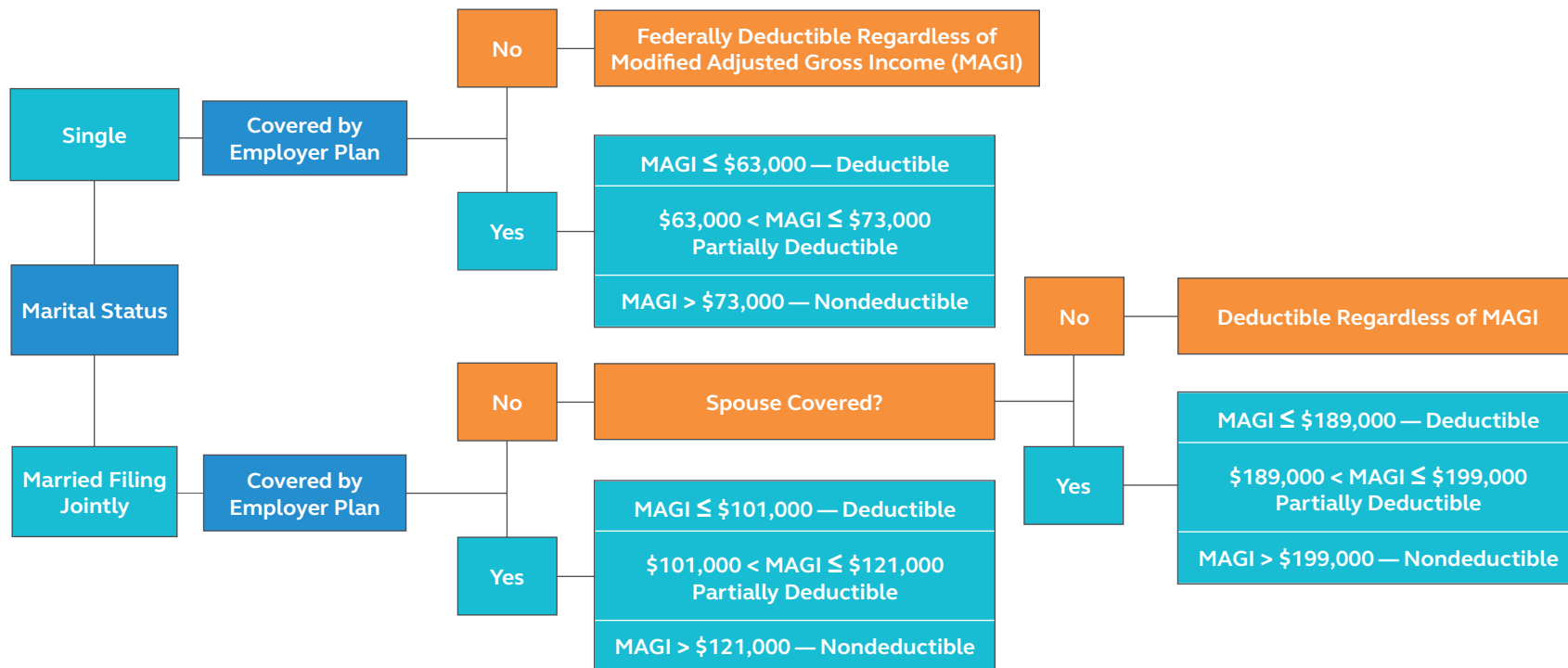


Deductibility of traditional IRA contributions

2018 tax year

Who can open a traditional IRA?

Who can open a traditional IRA? You can open and make contributions to a traditional IRA if: You (or, if you file a joint return, your spouse) received taxable compensation during the year, and You were not age 70½ by the end of the year. You can have a traditional IRA whether or not you are covered by any other retirement plan. However, you may not be able to deduct all of your contributions if you or your spouse is covered by an employer retirement plan. (IRS Publication 590-A) Use the schematic diagram below to determine deductibility.



The IRA contribution limit for tax year 2018 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	If you were not age 70½ by the end of the year, and if you (or, if you file a joint return, your spouse) received taxable compensation during the year.	At any age if you (or, if you file a joint return, your spouse) received taxable compensation during the year
Annual contribution limit	2018 \$5,500	Same as traditional. Must have household Modified Adjusted Gross Income (MAGI) of maximum limit \$120,000 or less (single) or \$189,000 or less (married) to make maximum contributions. Individuals with MAGI \$120,000 to \$135,000 or married couples with MAGI \$189,000 to \$199,000 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 \$63,000 (single) or \$101,000 (married). Individuals with MAGI \$63,000 to \$73,000 or married couples with MAGI \$101,000 to \$121,000 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Tax on earnings	Income tax-deferred and are taxed as ordinary income when withdrawn.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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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
Required 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	2018 \$1,000	Same.

*2018 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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