

Traditional IRA vs. Roth IRA from The Principal®

	Traditional IRA	Roth IRA								
Age Eligibility	Anyone under age 70 ½	Any age								
Income Eligibility	Must have earned income	For full contribution, must have adjusted gross income (AGI) below: <ul style="list-style-type: none"> ▪ \$110,000* (single) ▪ \$173,000* (married, filing jointly) 								
Current Annual Contribution Limits*	\$5,000 maximum; may be fully or partially deductible, depending on current income guidelines	\$5,000 maximum, not tax deductible								
Current Tax Advantages	Taxes on gains, dividends and interest are deferred until money is withdrawn.	Tax-deferred growth and tax-free qualified withdrawals.								
Deductibility of Contributions	Fully deductible if not covered by employer-sponsored retirement plan and spouse is not covered by plan or whose AGI is below: <ul style="list-style-type: none"> • \$58,000* (single) • \$92,000* (married filing jointly) 	None								
Taxation on Withdrawals	Withdrawals are taxed as ordinary income (except those representing nondeductible contributions)	Withdrawals of contributions are tax-free at any time. Withdrawal of earnings are tax-free if they are taken <i>after five years</i> and meet any of the following criteria: <ul style="list-style-type: none"> ▪ Attainment of age 59 ½ ▪ Death or disability ▪ First-time home purchase (up to \$10,000) 								
Penalties on Withdrawals	Withdrawals taken prior to age 59 ½ are subject to a 10% IRS-imposed penalty unless one of several conditions is met: <ul style="list-style-type: none"> ▪ Death or disability ▪ Catastrophic medical expenses ▪ First-time home purchase (up to \$10,000) ▪ College education 	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: <ul style="list-style-type: none"> ▪ Death or disability ▪ Catastrophic medical expenses ▪ First-time home purchase (up to \$10,000) ▪ College education 								
Distribution Rules	Must begin withdrawing by age 70 ½	None								
IRA Catch-Up Contributions	Individuals age 50 and over will be permitted to make annual catch-up contributions as follows: <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Limit</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2012</td> <td style="text-align: center;">\$1,000</td> </tr> </tbody> </table>	<u>Year</u>	<u>Limit</u>	2012	\$1,000	Individuals age 50 and over will be permitted to make annual catch-up contributions as follows: <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Limit</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2012</td> <td style="text-align: center;">\$1,000</td> </tr> </tbody> </table>	<u>Year</u>	<u>Limit</u>	2012	\$1,000
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*Based on 2012 tax year

**Based on Economic Growth and Tax Relief Reconciliation Act of 2001

12/2011

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