

WHAT'S BEST FOR YOU?

*Traditional* **vs.** *Roth*  
IRA — IRA —

When opening an Individual Retirement Account, you can choose between a Traditional IRA or a Roth IRA. Here's how they compare.



If you have **EARNED INCOME**, you can **MAKE CONTRIBUTIONS**.

What is your modified adjusted gross income (MAGI)?

Eligibility to contribute is based on your income level. For tax year 2021, income must be under:

Single filers **\$140,000**

Married couples filing jointly **\$208,000**

**59½ YEARS**

unless you qualify for one of the IRS's exceptions.

What are the age requirements for penalty-free withdrawals?

**59½ YEARS**

unless you qualify for one of the IRS's exceptions and your account is at least 5 years old.

As long as you are earning income, there are **NO AGE LIMITS** on contributions for both **TRADITIONAL** and **ROTH IRAs**.

**YES**

beginning at age 70½ or 72 years.

Are there required minimum distributions (RMDs)?

**NO**

**NO**

as long as you are under the income limit for tax deductions.

\$74,000 for single filers; the limit differs for married/head of household.

Do you pay taxes on contributions?

**YES**

you contribute after-tax dollars.

**YOU DON'T PAY TAXES ON CAPITAL GAINS, DIVIDENDS, OR INTEREST** while your money is invested in either IRA account.

**YES**

if you were able to deduct your contributions.

No, for any portion of contributions you couldn't deduct.

Do you pay taxes on withdrawals?

**NO**

your contributions and earnings can be withdrawn tax free.

If you think your income tax bracket will be **LOWER** when you retire than it is today, a **TRADITIONAL IRA** may be right for you.

Which account might be right for you?

If you think your income tax bracket will be **HIGHER** when you retire than it is today, a **ROTH IRA** may be right for you.

**READY TO GET STARTED?** For both a Traditional and a Roth IRA, you can contribute up to \$6,000 for tax year 2021, and \$7,000 for those aged 50 or older. Give us a call at **855.662.2121** or visit us online at **jemmafinancial.com**.

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