How do you decide which type of IRA to invest in?

If you have maxed out your employer's retirement plan or are not eligible to participate in one, use this chart to help you decide which IRA is right for you.

Issue	Roth IRA	Deductible Traditional IRA
Income Limitation 2015	Full Contribution: ▪ For single filers if MAGI is less than \$116,000 ▪ For couples Married Filing Jointly if MAGI is less than \$131,000 Partial Contribution: ▪ For single filers if MAGI is between \$116,000 and \$130,999 ▪ For couples Married Filing Jointly if MAGI is between \$183,000 and \$192,999	No income limitation for those not covered by employer-sponsored retirement plan. If covered by employer-sponsored retirement plan: Full Contribution: ▪ For single filers if MAGI is less than \$61,000 ▪ For couples Married Filing Joint if MAGI is less than 98,000 Partial Contribution: ▪ For single filers if MAGI is between \$61,000 and \$70,999 ▪ For couples Married Filing Jointly if MAGI is between \$98,000 and \$117,999
Age Limit	No maximum age limit	Must be under age 70½
Contribution Limit Tax Year 2015	Lesser of 100 percent of earned income or \$5,500 (must aggregate between traditional IRA and Roth IRA).	Lesser of 100 percent of earned income or \$5,500 (must aggregate between traditional IRA and Roth IRA).
Required Distributions	None	Begin at age 70½
Catch-Up Provision	Additional \$1,000 contribution if age 50 or older	Additional \$1,000 contribution if age 50 or older
Deductibility	All contributions are nondeductible	May deduct contribution subject to income limitations
Tax Advantage	For all eligible distributions, earnings are tax free.	Earnings are tax deferred until withdrawn.

So, should you choose a deductible traditional IRA or a Roth IRA?

First, you need to determine your eligibility for contributions to a Roth IRA and deductibility for a traditional IRA. If you can't deduct a traditional IRA contribution, consider using a Roth IRA instead. **Why?** Both a Roth IRA and non-deductible traditional IRA are funded with after-tax contributions. However, when you withdraw from the non-deductible traditional IRA, you'll pay income taxes on the earnings, while withdrawals from the Roth IRA are tax free as long as you hold the account at least five years and until age 59½.*

If you are eligible for both a deductible traditional IRA and a Roth IRA, you are basically choosing between receiving a tax break today and receiving a tax break tomorrow.

You should consider the traditional IRA if:

- You are seeking to maximize your tax deductions in the current year.
- You can reasonably expect to be in a lower tax bracket when you begin taking distributions from your IRA.
- You are close to retirement and will be taking distributions from your IRA soon after retirement and therefore wouldn't benefit from many years of tax-free growth.

You should consider a Roth IRA if:

- You do not need any more tax deductions in the current year.
- You can reasonably expect to be in a higher tax bracket when you begin taking distributions from your IRA.
- There is a strong possibility you may never *need* to take distributions from your IRA. (Since there are no minimum distributions at age 70½, your account can continue to grow tax free and can be passed on to your beneficiaries tax free.)
- You are taking full advantage of your pre-tax employer-sponsored plan at work and like the idea of having an account that offers the potential for tax-free distributions to balance out the large amount of "pre-tax" dollars you are accumulating.

**The Roth IRA offers tax deferral on any earnings in the account. Withdrawals prior to age 59½ may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.*