

Traditional and Roth IRAs: Side-by-Side Comparison

2025 Guidelines

Eligibility

Traditional IRA	Anyone of any age with earned income or with a spouse with earned income. ¹ No ceiling on income is imposed.
Roth IRA	Anyone of any age with earned income or with a spouse with earned income. ¹ 2025 Income Phase Out: <ul style="list-style-type: none">• \$150,000 - \$165,000² for single filers, or married filing separately and did not live with spouse at any time during year.• \$236,000 - \$246,000² for married joint filers.• \$0 - \$10,000 for married filers filing separately and lived with spouse at any time during year. No contribution is permitted if earned income ¹ equals or exceeds the upper limits above.

Contribution Limit²

Traditional IRA and Roth IRA	Individual: \$7,000 (if under age 50) or 100% of earned income, ¹ whichever is less, for 2025. ² Married Couple: \$14,000 (if under age 50) or 100% of total earned income ¹ of both spouses, whichever is less; \$7,000 for each spouse for 2025. ² "Catch-Up Contributions": Amounts shown above do not include "catch-up contribution" amounts. A person age 50 or older by December 31 of the calendar year for which an IRA contribution is being made is eligible to also make a "catch-up contribution" of \$1,000. IRA contributions may be split between a Traditional and a Roth IRA in a given tax year, as long as they together do not exceed that year's contribution limit.
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Tax Deductibility of Contributions

Traditional IRA	If NOT covered by an employer-sponsored plan — Contributions are fully tax deductible unless spouse is covered by an employer-sponsored plan. If spouse is covered by an employer-sponsored plan and couple files jointly, deductibility phases out between \$236,000 - \$246,000 of combined Adjusted Gross Income (AGI) for 2025. Deduction phased out up to \$10,000 for married participant filing separately who lived with spouse at any time during year. If covered by an employer-sponsored plan — Fully deductible if AGI is \$126,000 or less ² for 2025 for married active participant filing a joint income tax return, and \$79,000 or less ² for 2025 for single active participant or participant who is married, filing separately and did not live with spouse during entire year. Deduction phased out up to \$10,000 for married participant filing separately who lived with spouse at any time during year. AGI Phase-Out Ranges for Each Taxpayer Category: <ul style="list-style-type: none">• Married active participant filing a joint income tax return: \$126,000 - \$146,000² in 2025.• Single active participant or married participant filing separately who did not live with spouse during entire year: \$79,000 - \$89,000² in 2025.• Married active participant filing separate income tax return and lived with spouse at any time during year: \$0 - \$10,000 in 2025. Contributions are not deductible if earned income ¹ exceeds the upper limits outlined above.
Roth IRA	Not deductible for anyone. Potential tax-free growth and distributions of investment earnings, as well as tax-free distribution of principal, replace the tax-deductibility and tax-deferral feature of the Traditional IRA.

2025 Guidelines

Withdrawals Prior to Age 59½

Traditional IRA	<p>Taxed as ordinary income and may be subject to a 10% tax penalty. (Return of non-deductible contributions is not subject to taxation.)</p> <p>Penalty-free in these cases: death; disability; terminal illness; medical expenses over 10% of AGI; medical insurance premiums during period of unemployment; scheduled series of equal periodic lifetime payments; first-time home purchase (lifetime limit, \$10,000) expenses; qualified post-secondary education expenses; specific federally declared disasters; corrective distributions of excess contributions and earnings; and to satisfy certain IRS tax liens. Effective for distributions made after December 31, 2019, during the one-year period beginning on the birth of your child or your adoption of an individual who (i) is not your child and (ii) who has not attained age 18 or who is physically or mentally incapable of self-support, a maximum of \$5,000 may be excluded from the 10% penalty tax with respect to any such birth or adoption.</p> <p>In addition, certain active military reservists may make a withdrawal without incurring the 10% tax penalty. Such reservists may also recontribute the amount of the withdrawal within two years of the end of the active duty period without regard to the applicable contribution limits described above.</p>
Roth IRA	<p>The portion of distributions that comes from contributions is not subject to tax or penalty.</p> <p>Qualified distributions are tax-free. A distribution is qualified if it is made (i) after the account (or other Roth IRA) has been open for five years and (ii) after age 59½ or on account of death, disability or for a first-time home purchase of up to a lifetime maximum of \$10,000. If a distribution is not qualified, the earnings portion of the distribution is subject to income tax. Distributions made prior to age 59½ are also subject to the 10% penalty tax (on the earnings portion of the distribution) except as described below.</p> <p>Penalty-free in these cases: death; disability; terminal illness; medical expenses over 10% of AGI; medical insurance premiums during period of unemployment; scheduled series of equal distribution payments; first-time home purchase (lifetime limit, \$10,000) expenses; qualified post-secondary education expenses; specific federally declared disasters; corrective distributions of excess contributions and earnings; and to satisfy certain IRS tax liens. Effective for distributions made after December 31, 2019, during the one-year period beginning on the birth of your child or your adoption of an individual who (i) is not your child and (ii) who has not attained age 18 or who is physically or mentally incapable of self-support, a maximum of \$5,000 may be excluded from the 10% penalty tax with respect to any such birth or adoption.</p> <p>In addition, certain active military reservists may make a withdrawal without incurring the 10% tax penalty. Such reservists may also recontribute the amount of the withdrawal within two years of the end of the active duty period without regard to the applicable contribution limits described above.</p> <p>All withdrawals from a conversion Roth IRA are subject to a 10% penalty for five years from the date of the conversion.</p>

Withdrawals After Age 59½

Traditional IRA	<p>Taxed as ordinary income. (Return of non-deductible contributions is not subject to taxation.)</p> <p>Required Minimum Distributions must be taken beginning after age 73 (or age 72 if you reach age 72 before January 1, 2023). A 25% tax penalty may apply to non-distributed Required Minimum Distribution amounts.</p>
Roth IRA	<p>Qualified distributions are tax-free. See the definition of "qualified distribution" above.</p> <p>Roth IRAs are not subject to Required Minimum Distributions during the IRA owner's lifetime, but are subject to Required Minimum Distributions after death of owner. A 25% tax penalty may apply to non-distributed Required Minimum Distribution amounts.</p>

Rollovers

Traditional IRA	<p>To and from another Traditional IRA.</p> <p>To or from a qualified employer-sponsored plan, 403(b) or government-sponsored 457(b) plan that accepts IRA rollovers.</p> <p>To a Roth IRA (a Roth IRA conversion) – restrictions regarding income and tax filing status no longer apply.</p> <p>To a SIMPLE IRA (if more than two years after SIMPLE IRA established).</p>
Roth IRA	<p>To or from another Roth IRA:</p> <p>Distributions from a qualified employer-sponsored plan, 403(b) plan or government-sponsored 457(b) plan can also be rolled over into Roth IRAs, subject to applicable conversion rules and income inclusion for pre-tax accounts.</p> <p>Amounts directly rolled over from IRAs or eligible retirement plan accounts into a Roth IRA are not subject to the Roth IRA income limits.</p> <p>From a Traditional IRA:</p> <p>Certain military death payments may also be rolled over to a Roth IRA without regard to the annual contribution limits described above.</p>

¹ Earned income includes wages, salaries, bonuses, tips, commissions, royalties and alimony. Earned income also includes any amount that is included in your gross income and paid to you to aid you in the pursuit of graduate or postdoctoral study.

² Subject to annual adjustments for inflation.