

# COMMON RETIREMENT ACCOUNT OPTIONS – 2022

	<b>Traditional IRA</b>	<b>Roth IRA</b>	<b>Traditional 401(k)<sup>1</sup></b>	<b>Roth 401(k)</b>
<b>Who Sets It Up</b>	You	You	Employer	Employer
<b>Tax Treatment of Contributions</b>	Pre-tax/After-tax	After-tax	Pre-tax	After-tax
<b>Tax Deductible Contributions</b>	Taxpayers elect (deductibility limited by employer plan availability and employee AGI)	No	Yes	No
<b>Contribution Limit (under age 50)</b>	\$6,000	\$6,000	\$20,500	\$20,500
<b>Contribution Limit (age 50 and over, with Catch-up Contributions)</b>	\$7,000	\$7,000	\$27,000	\$27,000
<b>Deadline for Contributions</b>	April 15 of following year	April 15 of following year	December 31	December 31
<b>Eligibility Limited Based on AGI</b>	No	Yes	No	No
<b>Investment Options</b>	Broad	Broad	Limited to plan options	Limited to plan options
<b>Who Is Responsible for Choosing Investments</b>	You	You	You (from menu of plan options)	You (from menu of plan options)
<b>Potential Matching Contributions</b>	No	No	Yes	Yes
<b>Earnings Taxed while in Account</b>	No	No	No	No
<b>10% Tax on Early Withdrawals (Before age 59 ½)</b>	Yes, with limited exceptions	Not on contributions but do apply to earnings	Depends on plan, may offer hardship withdrawals	Depends on plan, may offer hardship withdrawals
<b>Ability to Take Loans</b>	No, but possible hardship distributions	No, but possible hardship distributions	Maximum loan of \$50,000, with possible further limitation per plan rules	Maximum loan of \$50,000, with possible further limitation per plan rules

	Traditional IRA	Roth IRA	Traditional 401(k) <sup>1</sup>	Roth 401(k)
<b>Tax Treatment of Withdrawals after age 59 ½</b>	Typically <sup>2</sup> taxed at ordinary income tax rates	Qualified distributions are tax free (IRA owner must have had a Roth IRA in a year ending not less than 6 years earlier than the year of the distribution)	Typically <sup>2</sup> taxed at ordinary income tax rates	(Same as for the Roth IRA) (account must be held 5 years for earnings)
<b>Required Minimum Distributions (RMDs) at age 72<sup>3</sup></b>	Yes	No	Yes	Yes, but can be rolled into Roth IRA (no RMDs)

1 401(k) rules also apply to 403(b) and 457 plans.

2 After-tax contributions to traditional IRAs and 401(k) accounts create basis, and distributions from such accounts are taxable only in excess of that basis, figured as a pro-rata share of each distribution.

3 RMDs generally begin April 1 of the year following the year you turn 72

**NOTE:** These rules only apply to an employee’s own account and not an inherited account.