

An IRA Comparison

Features	Traditional IRA		Roth IRA		Education IRA	
	2001	2002-2004	2001	2002-2004	2001	2002-2004
Annual Contribution	\$2,000 per person	\$3,000 per person	\$2,000 per person	\$3,000 per person	\$500 per student	\$2,000 per student
AGI Phase out*	\$33-43,000-single; \$53-63,000-married	2001 income plus: \$1,000 - 2002 \$7,000 - 2003 \$12,000 - 2004	\$95-110,000-single; \$150-160,000-married		\$95-110,000-single; \$150-160,000-married <i>(\$190-220,000 married in 2002 & beyond)</i>	
Contribution Deductibility	Yes		No		No	
Contribution Deadline	April 15th following year		April 15th following year		2001—12/31; 2002 & beyond: April 15th following year	
Contributions Timing	Must cease at 70½		Can contribute indefinitely		Cease if student age 18 (unless special needs)	
Earnings	Grow tax deferred		Grow tax free if held five years		Grow tax free	
Withdrawals	Taxed as ordinary income if over 59½		Tax free if over 5 years and 59½		Tax Free if for education and under 30	
Withdrawal Penalty	10% under 59½ unless for medical, medical insurance if unemployed, higher education, first home up to \$10,000, disability or death		10% and earnings are taxed if under 59½ unless for first home up to \$10,000, disability or death; withdrawals are considered contributions first, taxable earnings second		10% penalty and earnings taxed if not used for qualified education expenses or if after student's 30th birthday	
Distributions	Mandatory At 70½		Non-mandatory		Mandatory prior to age 30 (unless special needs)	
Roll Over	Yes into another IRA; taxed into a Roth IRA; penalty if income over \$100,000		IRAs, SEPs and SIMPLEs may be rolled into a Roth; Keoghs and 401(k)s		May be rolled over to another child's Education IRA or same child's IRA	

*AGI phase-outs only apply to those also enrolled in an employer-provided retirement plan such as a 401(k). If not in such a plan, you may make the annual deductible contribution to a traditional IRA at any income level provided your income is not lower than the contribution.