

MORRISON & ASSOCIATES CPAs, PLLC

Retirement Options Comparison Chart

	Traditional Deductible IRA	Traditional Nondeductible IRA	Roth IRA	401(k) Plan
What is the annual per-person contribution limit?	\$3,000 for 2002-2004; increasing to \$4,000 for 2005-2007; and to \$5,000 thereafter	Same as for traditional IRAs	Same as for traditional IRAs	\$11,000 for 2002, increasing \$1,000 annually through 2006
Is limit indexed for inflation?	Not until after 2008	Not until after 2008	Not until after 2008	Yes, after 2005
Are employee contributions deductible?	Yes	No	No	No
Can withdrawals be made tax-free?	No. Distributions subject to tax when withdrawn	Yes, for amounts attributable to contributions; No, for amounts attributable to earnings	Yes, for amounts attributable to contributions and distributions that are: 1) held for 5 years and 2) made on or after age 59 ½; upon death; upon disability; or for first-time home purchase	No. Distributions subject to tax when withdrawn
Are loans permitted?	No	No	No	Yes, if plan permits
Are minimum lifetime distributions required?	Yes, after 70½	Yes, after 70½	No	Yes, after 70½ or in the calendar year after the employee retires
Rollover to Roth IRAs allowed?	Yes, with tax consequences	Yes, with tax consequences	Yes	No