

Tax-Advantaged Retirement Accounts

- ✓ A smart way to save for retirement and benefit from the time value of money.
- ✓ The chart below highlights similarities and differences among plan alternatives.
- ✓ Always strive to leave money in tax-advantaged retirement accounts for as long as possible.

	401(k)	Roth 401(k)	Roth IRA	Traditional IRA
Who is eligible	Determined by employer plan document		Anyone who has income from working and his or her nonworking spouse subject to income limits	Anyone up to age 70½ who has income from working and his or her nonworking spouse
Maximum you can contribute	\$23,500 for 2025 plus an additional \$7,500 if age 50 or over		The most you can contribute to all of your traditional and Roth IRAs is the smaller of: \$7,000 for 2025 plus an additional \$1,000 if age 50 or over, or taxable compensation for the year	
Tax status of contributions	Employee elective contributions and all employer match contributions are made with before-tax dollars	Employee elective contributions are made with after-tax dollars	Contributions are made with after-tax dollars	Contributions can be made with before-tax dollars subject to income limits
Withdrawals	Withdrawals of contributions and earnings are taxable	Withdrawals of contributions and earnings are not taxed if the account is held for at least 5 years and is: - on account of disability, - on or after death, or - on or after age 59½	Withdrawals of contributions and earnings are not taxed if the account is held for at least 5 years and is: - on account of disability, - on or after death, or - on or after age 59½	Withdrawals of contributions made with after-tax dollars are not taxed; Withdrawals of earnings and contributions made with before-tax dollars are taxable
Mandatory age for withdrawals	Must begin required minimum distributions no later than age 70½	Rollover to Roth IRA to avoid required minimum distributions starting at age 70½	No requirement to start taking distributions while original owner is alive	Must begin by April 1 following the year in which you turn age 70½ and by December 31 of later years

NOTE: For all of the plan alternatives above, withdrawals when you are under age 59½ are subject to a 10% early withdrawal penalty unless you qualify for an exception.