

# Recognizing the Difference Between Roth IRA & Traditional IRA

**Directions:** Go through the list of IRA retirement account characteristics, look them up, and decide whether it applies to a Roth or Traditional IRA. Then, assign each characteristic's number to the right box/boxes (some may fit into more than one box) in the table at the bottom of the page. Number 1 is done for you.

1. Allows you to make after-tax contributions—you don't pay tax now so you don't have to pay when you retire.
2. Best suited for people who plan to be making more/in a higher tax bracket at the age of retirement.
3. For anyone that earns money.
4. No contributions are taxed, so nothing is deducted from yearly income when filing taxes.
5. Contributions are taxed and won't be counted as earned income when filing taxes.
6. Allows you to make pre-tax contributions—you don't pay tax now, but you'll pay it later when you retire.
7. People must earn less than a certain income level to open this account.
8. Has a max contribution for each year.
9. Penalty and tax-free withdrawals after the account has been opened for at least five years and the account holder has turned 59 ½.
10. An account meant for people who predict they'll make less money in the future.
11. Penalty-free withdrawals but counted as taxed income after the account holder has turned 59 ½.

	Traditional	Roth
IRA	<div>____, ____, ____</div> <div>____, ____, ____</div>	<div>1, ____, ____</div> <div>____, ____, ____</div>