

Recognizing the Difference Between The Roth 401(K) & Traditional 401(K)

Directions: Go through the list of IRA retirement account characteristics, look them up, and decide whether it applies to a Roth or Traditional 401 (k). 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. Contributions are made with after-tax dollars—the account holder pays taxes on the money they put in.
2. Contributions are made with pre-tax dollars—the account holder pays taxes on the money they take out when they retire.
3. Penalty and tax-free withdrawals after the account has been opened for at least five years and the account holder has turned 59 ½.
4. Penalty-free withdrawals but counted as taxed income after the account holder has turned 59 ½.
5. Distributions from this account can start any time after the account holder turns 59 ½ no matter how long the account has been open.

	Traditional	Roth
401(k)	____, ____	1, ____, ____