

# KNOW YOUR IRA OPTIONS

COMPARE TRADITIONAL AND ROTH  
INDIVIDUAL RETIREMENT ACCOUNTS







Selecting the right individual retirement account (IRA) depends on several factors, including your age, earned income, and current and future anticipated effective tax rates.

## HERE'S A QUICK OVERVIEW OF THE TWO MAIN TYPES OF IRAs:

	TRADITIONAL IRA	ROTH IRA
AGE RESTRICTIONS	<ul style="list-style-type: none"><li>There are no age restrictions, provided you have earned income or have a spouse who has earned income and you file a joint tax return.</li></ul>	<ul style="list-style-type: none"><li>There are no age restrictions.</li></ul>
CONTRIBUTIONS	<ul style="list-style-type: none"><li>You (or your spouse, if filing jointly) must earn taxable income to contribute.</li><li>There are no income limitations.</li><li>Contributions may be tax-deductible.</li><li>2025 limit:*<ul style="list-style-type: none"><li>- Younger than age 50: \$7,000</li><li>- Age 50 or older: \$8,000</li></ul></li></ul>	<ul style="list-style-type: none"><li>You (or your spouse, if filing jointly) must earn taxable income to contribute.</li><li>Your modified adjusted gross income (AGI) must be less than certain limits imposed by the IRS. Visit <a href="https://www.irs.gov">irs.gov</a> for more information.</li><li>Contributions are not tax-deductible.</li><li>2025 limit:*<ul style="list-style-type: none"><li>- Younger than age 50: \$7,000</li><li>- Age 50 or older: \$8,000</li></ul></li></ul>
EARNINGS	<ul style="list-style-type: none"><li>Your earnings grow tax-deferred.</li></ul>	<ul style="list-style-type: none"><li>Your earnings grow tax-free.**</li></ul>

\* Limit applies to all types of IRAs combined

\*\* Qualified distributions from a Roth IRA are tax-free as long as you're at least age 59½ and have held the account for at least five years.

	TRADITIONAL IRA	ROTH IRA
 <p><b>EARLY WITHDRAWALS</b> (before age 59½)</p>	<ul style="list-style-type: none"> <li>You may be subject to a 10% penalty in addition to any ordinary income tax that may be due (exceptions may apply).</li> </ul>	<ul style="list-style-type: none"> <li>Roth contributions can be withdrawn tax-free at any time. Earnings are subject to ordinary income tax and a 10% penalty (exceptions may apply).</li> </ul>
 <p><b>WITHDRAWALS</b> (after age 59½)</p>	<ul style="list-style-type: none"> <li>Withdrawals are penalty-free but taxed as current income.</li> </ul>	<ul style="list-style-type: none"> <li>Withdrawals are tax- and penalty-free as long as it's been five years since the initial Roth contribution.</li> </ul>
 <p><b>REQUIRED MINIMUM DISTRIBUTION (RMD)</b></p>	<ul style="list-style-type: none"> <li>Beginning date for RMDs is age 73 if you attain age 72 after December 31, 2022, and age 73 before January 1, 2033. The applicable age for beginning RMDs will change to age 75 if you turn age 74 after December 31, 2032.</li> <li>If you have more than one IRA, you must calculate the RMD separately for each IRA you own but can withdraw the total amount from one or more of the IRAs.</li> </ul>	<ul style="list-style-type: none"> <li>No required minimum distributions at any age.</li> </ul>
 <p><b>FUNDING OPTIONS</b></p>	<ul style="list-style-type: none"> <li>You can contribute money you earned tax-deferred.</li> <li>You can directly roll over an employer-sponsored plan — such as a 401(k) or 403(b) — or another IRA as many times as needed.*</li> <li>Indirect (or 60-day) rollovers are limited to one per year.</li> </ul>	<ul style="list-style-type: none"> <li>You can contribute money you've earned after-tax.</li> <li>You can roll over a Roth 401(k) or Roth 403(b) tax-free.</li> <li>You can convert a traditional IRA to a Roth IRA, but tax implications will apply.**</li> <li>A Roth IRA cannot be converted to a traditional IRA.</li> </ul>

**Get in touch:** If you're trying to decide between a traditional or Roth IRA, we have financial professionals who can help.



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\*Employer-sponsored retirement plans may have features that you may find beneficial such as access to institutional funds, fiduciary selected investments, and other ERISA protections not afforded to other investors. In deciding whether to do a rollover from a retirement plan, be sure to consider whether the asset transfer changes any features or benefits that may be important to you. Review the fees and expenses you pay to see if rolling over into an IRA could help reduce your costs.

\*\* The tax costs with a Roth IRA conversion can be significant. Contributions are subject to taxes that were previously deferred, including any accumulated earnings. You may also be pushed into a higher tax bracket, especially if converting a large amount of money.

Transamerica and its agents and representatives do not provide tax or legal advice. This material is for informational purposes and should not be construed as legal or tax advice. For legal or tax advice concerning your situation, please consult your attorney or tax professional.

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