Roth vs Traditional IRA

You may be wondering what the difference is between a Roth and a Traditional IRA.
Here is a quick table:

	Traditional IRA	Roth IRA
Maximum yearly contribution (2023)	Lesser of $6,500 or 100% of earned income ($7,500 if age 50 or older)	Lesser of $6,500 or 100% of earned income ($7,500 if age 50 or older)
Tax-deductible contributions	Yes. Fully deductible if neither you nor your spouse is covered by a retirement plan. Otherwise, your deduction depends on your income and filing status.	No. Contributions to a Roth IRA are never tax deductible.
Age restriction on contributions	No	Yes
Tax-deferred growth	Yes	Yes; tax free if you meet the requirements for a qualified distribution.
Required minimum distributions during lifetime	You must start taking distributions by April 1 following the year in which you turn age 72 (70 ½ if you reach the age of 70 ½ before January 1, 2020) and by December 31 of later years.	Not required if you are the original owner
Federal income tax on distributions	Yes, to the extent that a distribution represents deductible contributions and investment earnings.	No, for qualified distributions. For nonqualified distributions, only the earnings portion is taxable.
Beneficiaries pay income tax on distributions after IRA owner's death	Yes, to the extent that a distribution represents deductible contributions and investment earnings.	Generally no, as long as the account has been in existence for at least five years.

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