



## Traditional or Roth...Which is right for me?

With the ever-changing landscape of taxes, it is growing increasingly difficult to understand how legislation affects clients and could possibly impact their financial future. As a leader in the financial services industry for the past 30 years, we get it. That's why HD Vest Financial Services® is constantly seeking ways to share the latest knowledge we acquire with you. We've created the Taxes & Investments: Timely and Timeless Strategies Series to share timely information and provide our Advisors and their clients with practical information and ideas they can build on.

As individuals look to fund IRAs, they may wonder which type of IRA - Roth or Traditional - is the most appropriate choice. The chart below illustrates the differences between the two, and may help determine which one may be the most advantageous for you. As always, consult your trusted HD Vest Advisor to get a specific recommendation based on your individual tax and investment situation.

	Traditional IRA	Roth IRA
<b>Contributions</b>	Up to \$5,500 for 2015. Savers over 50 may be eligible to contribute an additional \$1,000.	
<b>Eligibility</b>	Must have earned income and be younger than age 70 1/2.	Anyone with earned income can contribute as long as their income is within the income phase out limits.
<b>Taxes:</b>	Contributions grow tax-deferred and may be tax-deductible.  Taxes are generally paid upon withdrawal, at which time retirees may be in a lower tax bracket.	Tax-free growth potential.  No taxes are due on the gains for qualified withdrawals after age 59 1/2 (other options may be available) and after the account has been open for 5 years.
<b>Deductibility</b>	100% deductible if not covered by an employer plan.  If you are covered by an employer plan, it is subject to income phase out limits.	Contributions are not deductible.
<b>Withdrawal Rules</b>	You must begin taking withdrawals April 1 following the year you turn 70 1/2.	Contributions can be withdrawn at any time, tax-free and penalty free. After five years and age 59 1/2, all withdrawals are tax-free. There are no required distributions.
<b>Contribution deadline</b>	April 15 of the following year.	

Source: IRS Publication 590- <http://www.irs.gov/pub/irs-pdf/p590.pdf>