

Table I-2. How Are a Traditional IRA and a Roth IRA Different?

This table shows the differences between traditional and Roth IRAs. Answers in the middle column apply to traditional IRAs. Answers in the right column apply to Roth IRAs.

Question	Answer	
	Traditional IRA?	Roth IRA?
Is there an age limit on when I can set up and contribute to a	Yes. You must not have reached age 70½ by the end of the year. See <i>Who Can Set Up a Traditional IRA?</i> in chapter 1.	No. You can be any age. See <i>Can You Contribute to a Roth IRA?</i> in chapter 2.
If I earned more than \$4,000 in 2006 (\$5,000 if I was 50 or older by the end of 2006), is there a limit on how much I can contribute to a	Yes. For 2006, you can contribute to a traditional IRA up to: <ul style="list-style-type: none"> • \$4,000, or • \$5,000 if you were age 50 or older by the end of 2006. There is no upper limit on how much you can earn and still contribute. See <i>How Much Can Be Contributed?</i> in chapter 1.	Yes. For 2006, you may be able to contribute to a Roth IRA up to: <ul style="list-style-type: none"> • \$4,000, or • \$5,000 if you were age 50 or older by the end of 2006, but the amount you can contribute may be less than that depending on your income, filing status, and if you contribute to another IRA. See <i>How Much Can Be Contributed?</i> and Table 2-1 in chapter 2.
Can I deduct contributions to a	Yes. You may be able to deduct your contributions to a traditional IRA depending on your income, filing status, whether you are covered by a retirement plan at work, and whether you receive social security benefits. See <i>How Much Can You Deduct?</i> in chapter 1.	No. You can never deduct contributions to a Roth IRA. See <i>What Is a Roth IRA?</i> in chapter 2.
Do I have to file a form just because I contribute to a	Not unless you make nondeductible contributions to your traditional IRA. In that case, you must file Form 8606. See <i>Nondeductible Contributions</i> in chapter 1.	No. You do not have to file a form if you contribute to a Roth IRA. See <i>Introduction</i> in chapter 2.
Do I have to start taking distributions when I reach a certain age from a	Yes. You must begin receiving required minimum distributions by April 1 of the year following the year you reach age 70½. See <i>When Must You Withdraw Assets? (Required Minimum Distributions)</i> in chapter 1.	No. If you are the owner of a Roth IRA, you do not have to take distributions regardless of your age. See <i>Are Distributions Taxable?</i> in chapter 2.
How are distributions taxed from a	Distributions from a traditional IRA are taxed as ordinary income, but if you made nondeductible contributions, not all of the distribution is taxable. See <i>Are Distributions Taxable?</i> in chapter 1.	Distributions from a Roth IRA are not taxed as long as you meet certain criteria. See <i>Are Distributions Taxable?</i> in chapter 2.
Do I have to file a form just because I receive distributions from a	Not unless you have ever made a nondeductible contribution to a traditional IRA. If you have, file Form 8606.	Yes. File Form 8606 if you received distributions from a Roth IRA (other than a rollover, recharacterization, certain qualified distributions, or a return of certain contributions).

Tax questions. If you have a tax question, visit www.irs.gov or call 1-800-829-1040. We cannot answer tax questions sent to either of the above addresses.