

Comparison of Roth 401(k), Roth IRA, and Traditional 401(k) Retirement Accounts

Characteristic	Designated Roth 401(k) Account	Roth IRA	Traditional, Pre-Tax 401(k) Account
Contributions	Designated Roth employee elective contributions are made with <i>after-tax</i> dollars.	Roth IRA contributions are made with <i>after-tax</i> dollars.	Traditional, pre-tax employee elective contributions are made with <i>before-tax</i> dollars.
Income Limits	No income limitation to participate.	Income limits: married \$176,000/single \$120,000 modified AGI.	Same as Designated Roth 401(k) Account. No income limitation to participate.
Maximum Elective Contribution	<i>Aggregate*</i> employee elective contributions limited to \$16,500 in 2009 (\$22,000 for employees 50 or over).	Contribution limited to \$5,000 in 2009 (\$6,000 for employees 50 or over).	Same <i>aggregate*</i> limit as Designated Roth 401(k) Account
Taxation of Withdrawals	Withdrawals of contributions and earnings are <u>not</u> taxed provided it's a qualified distribution –the account is held for at least 5 years and made: <ul style="list-style-type: none"> • On account of disability, • On or after death, or • On or after attainment of age 59½. 	Same as Designated Roth 401(k) Account and can have a qualified distribution for a first time home purchase.	Withdrawals of contributions and earnings <u>are</u> subject to Federal and most State income taxes.
Required Distributions	Distributions must begin no later than age 70½, unless still working and not a 5% owner.	No requirement to start taking distributions while owner is alive.	Same as Designated Roth 401(k) Account.

* This limitation is by individual, rather than by plan. Although permissible to split the annual employee elective contribution between designated Roth contributions and traditional, pre-tax contributions, the combination cannot exceed the deferral limit - \$16,500/\$22,000 in 2009.