

# You Invest Trade Account Type Comparison

Brokerage	Traditional IRA	Roth IRA
Why may this account be right for you?		
This may be right for you if you want the flexibility to withdraw your money at any time without early-withdrawal penalties (but without the tax benefits of an IRA).	This may be right for you if you think your tax rate will be lower once you reach retirement.	This may be right for you if you think your tax rate will be the same or higher once you reach retirement.
Who can contribute?		
You can contribute regardless of age and income.	You can contribute if you (or your spouse, if filing jointly) have <a href="#">taxable compensation</a> .	You can contribute at any age if you (or your spouse, if filing jointly) have <a href="#">taxable compensation</a> and your modified adjusted gross income is below <a href="#">certain amounts</a> .
How much can I contribute?		
There are no limits to how much you can contribute.	The IRS sets contribution limits for Roth IRAs and traditional IRAs. <a href="#">Learn more.</a>	The IRS sets contribution limits for Roth IRAs and traditional IRAs. <a href="#">Learn more.</a>
Are contributions deductible?		
No.	Contributions may be deductible, if you <a href="#">qualify</a> .	Contributions aren't deductible.
What is the deadline to make contributions?		
There are no deadlines.	The deadline is your tax return filing deadline (not including extensions), typically April 15.	The deadline is your tax return filing deadline (not including extensions), typically April 15.
Do I have to take required minimum distributions?		
No.	As a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed in March, IRA owners are no longer required to take an RMD in 2020.	Not if you are the original owner.
Are my distributions taxable?		
No, you don't pay taxes when you withdraw your money. But you pay taxes on gains when you sell as well as on any interest and dividends that you receive.	Any deductible contributions and earnings you withdraw or that are distributed from your traditional IRA are taxable.	Not if it's a qualified distribution. <sup>1</sup> Otherwise, part of the distribution or withdrawal may be taxable.
Are there early-withdrawal penalties?		
No.	If you are under age 59½, you may have to pay an additional 10% tax for early withdrawals unless you qualify for an <a href="#">exception</a> .	If you are under age 59½, you may have to pay an additional 10% tax for early withdrawals unless you qualify for an <a href="#">exception</a> .

<sup>1</sup> A "qualified distribution" is any payment or distribution from your Roth IRA that meets the following requirements: 1) It is made after the 5-year period beginning with the first taxable year for which a contribution was made to a Roth IRA set up for your benefit, and 2) The payment or distribution is: a) Made on or after the date you reach age 59½, b) Made because you are disabled (as described in IRS Publication 590-B), c) Made to a beneficiary or to your estate after your death, or d) One that meets the requirements listed for first home purchase (as described in IRS Publication 590-B) up to a \$10,000 lifetime limit.

Investing involves market risk including possible loss of principal, and there is no guarantee that investment objectives will be achieved.

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