[00:00:01.060] - Speaker 1
Roth vs. Traditional IRA explained An Individual Retirement Account is a tax advantage tool for saving for retirement, allowing earnings to grow tax free. If you have earned income, you may be able to contribute to a traditional or Roth IRA. Let's highlight key differences between the two.

[00:00:28.350] - Speaker 1
Roth IRA contributions are made with aftertax dollars, meaning taxes are paid upfront. A traditional IRA is funded with pretax dollars, meaning taxes may be deducted in the year the contribution is made, resulting in a tax break.

[00:00:47.480] - Speaker 1
Income and tax filing status determine whether you're eligible to contribute to a Roth IRA. Though there are no income limits for traditional IRA contributions, there are limits for tax deduction purposes. Visit IRS gov to see this year's limits.

[00:01:07.350] - Speaker 1
A Roth IRA owner is not required to withdraw funds throughout their lifetime. A traditional IRA, on the other hand, requires minimum distributions at or around age 72, at which point you can no longer contribute.

[00:01:24.450] - Speaker 1
Roth IRA contributions can be withdrawn any time without penalty, unless you qualify for an exception. Earnings can be withdrawn tax and penalty free at age 59 five if you've held the account for five years. If you haven't met the five year holding requirement, earnings will be subject to taxes, but not penalties. There are exceptions, but most withdrawals from a traditional IRA generally carry a 10% penalty if made before age 59 and a half, generally upon withdrawal. Income tax becomes due on both contributions and earnings.

[00:01:59.480] - Speaker 1
Consult with a tax professional to determine if an IRA is right for you. Most importantly, develop a strategy to get on the path to retirement readiness.