

## Individual Retirement Accounts (IRAs) tax-advantaged supplemental retirement savings accounts.

The most common types of IRAs are traditional and Roth, and the main difference between the two is when you pay income tax on money you put in the plan.

Our comparison chart can help you determine which IRA is right for you.

IRAs have eligibility restrictions based upon income, employment status, and have limitations on how much can be contributed each year. Consult with a tax professional to determine if you meet the eligibility requirements.

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| Not FDIC/NCUA insured | May lose value | Not insured by any federal or state government agency

Guarantees are dependent upon the claims-paying ability of the issuing company.

Limits shown are for the 2024 tax year.



## IRAs Traditional and Roth

**National Life Insurance Company®**  
**Life Insurance Company of the Southwest®**

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# Traditional IRA

# Roth IRA

Individual Contribution Limits*	Current year—\$7,000 (or 100% of compensation, if less)	
Age 50+ Catch-Up Contribution	Current year—\$1,000	
Age Limit On Contributions	None	
Individual or Employer Sponsored	Individual but may also be funded through a payroll deducted plan through an employer.	
Are Contributions Tax Deductible?	Yes, if an individual has earned income but is not an active participant in a qualified retirement plan through their employer, they may deduct all contributions up to the maximum amount permitted. If the individual is a participant in a qualified retirement plan through their employer, their ability to deduct contributions may be reduced or eliminated depending on their income and tax filing status. Individuals should check with their tax advisor.	No
Maximum Deduction Qualifications	To qualify for the maximum tax deduction, if you are NOT covered by a retirement plan at work, your AGI for current year must be: <ul style="list-style-type: none"> <li>• Less than \$77,000 for those filing as single and Head-of-Household</li> <li>• Less than \$123,000 for married taxpayers filing jointly when both filers have a plan</li> <li>• Less than \$230,000 for married taxpayers filing jointly with a nonactive participant</li> </ul>	To qualify for the maximum contribution, your AGI for current year must be: <ul style="list-style-type: none"> <li>• Less than \$138,000 when filing as Single and Head-of-Household</li> <li>• Less than \$230,000 for married taxpayers filing jointly</li> <li>• Married taxpayers filing separately should check with their tax adviser.</li> </ul>
How are withdrawals taxed?	Contributions that have been deducted as well as interest are taxed as ordinary income when withdrawn. Contributions that have not been deducted are withdrawn tax free.	Principal is withdrawn tax-free. Earnings will be withdrawn tax-free as long as the policy has been open for at least 5 years and the owner has either <ul style="list-style-type: none"> <li>• Attained age 59½</li> <li>• become disabled</li> <li>• died</li> </ul> or <ul style="list-style-type: none"> <li>• is using the funds for a qualified first-time home buyer (\$10,000 lifetime maximum applies)</li> </ul>
Withdrawals — when are they IRS penalty free?	Withdrawals prior to age 59½ usually have a 10% penalty, except when the distribution is: <ul style="list-style-type: none"> <li>• Made to a beneficiary upon death of the owner;</li> <li>• Attributable to a disability;</li> <li>• Used to cover medical expenses that exceed 10% of an individual's Adjusted Gross Income (AGI);</li> <li>• Used to cover health insurance for unemployed individuals upon certain conditions;</li> <li>• Used to pay for qualified higher education expenses for the taxpayer, their spouse, child, or grandchild;</li> <li>• For a qualified first-time home buyer (subject to a \$10,000 lifetime maximum);</li> <li>• Made in a series of equal periodic payments for the life or life expectancy of the owner or owner and beneficiary;</li> <li>• Because of an IRS levy of the plan;</li> <li>• Certain distributions to qualified military reservists called to active duty;</li> <li>• If withdrawn by extended due date of return;</li> <li>• In-plan Roth rollovers or eligible distributions contributed to another retirement plan or IRA within 60 days.</li> </ul>	Same as a traditional IRA, but taxes and penalties are paid only on interest earned.
Required Minimum Distributions (RMDs)	At Age 73 <ul style="list-style-type: none"> <li>• For customers not 72 as of December 31, 2022, RMDs begin at age 73.</li> </ul>	No required distributions during the owner's lifetime. <ul style="list-style-type: none"> <li>• Distributions are required after the owner's death.</li> </ul>

\*Standard and Catch-up contribution limits are aggregate for all traditional and Roth IRAs owned by the individual.