



## CHOOSING BETWEEN A ROTH OR TRADITIONAL RETIREMENT ACCOUNT



Scan or click and look  
for our Roth vs Traditional  
calculators

Whether your employer offers a 457 supplemental savings program, or you are considering an Individual Retirement Account (IRA), there is one question you need to answer: **Should you chose a Roth or traditional account?**

The good news is that you can't go wrong with either option. Just saving for retirement is a step in the right direction!

Both Traditional and Roth retirement accounts have many tax advantages. Choosing one over the other often comes down to whether you think you will be in a higher tax bracket now, or in the future.

### The Basics

**Roth** – Roth contributions are made with after-tax dollars, meaning that you pay income tax on the money you put into your retirement account. However, you will not pay taxes on your withdrawals in retirement, as long as you follow the rules. Roth contributions do not lower your taxable income in the year you make them, but they may save you taxes in the long run if your tax rate is higher in retirement.

**Traditional** – Traditional contributions are made with pre-tax dollars, meaning that you do not pay income tax on the money you put into your retirement account. However, you will pay taxes on your withdrawals in retirement, based on your tax rate at that time. Traditional contributions could potentially lower your taxable income in the year you make them, which may reduce your tax bill or increase your refund.





Use this chart to help you decide whether to contribute to one or the other — or both. Keep in mind that these are general overviews and there may be exceptions.

	457		IRA	
	TRADITIONAL	ROTH	TRADITIONAL	ROTH
<b>2026 Contribution Limits</b>	\$24,500 (or \$32,500 for those over age 50)	\$24,500 (or \$32,500 for those over age 50)	\$7,500 (or \$8,600 for those over age 50)	\$7,500 (or \$8,600 for those over age 50)
<b>Do I need to take a Required Minimum Distribution?</b>	Yes. Starting at age 73 if you turn 72 after 2022; starting at age 75 if you turn 74 after 2032.	None during original account holder's lifetime.	Yes. Starting at age 73 if you turn 72 after 2022; starting at age 75 if you turn 74 after 2032.	No
<b>Taxes on Contributions</b>	Pre-tax. Not tax-deductible for individuals.	After-tax. Never tax-deductible.	Pre-tax. Can be tax-deductible.	After-tax. Never tax-deductible.
<b>Taxes on Withdrawals</b> (After Age 59½)	Contributions and earnings are taxed as ordinary income when withdrawn  <b>No age requirement applies</b>	Contributions and earnings are withdrawn tax-free, so long as your account has met the 5-year holding period requirement	Contributions and earnings are taxed as ordinary income when withdrawn	Contributions and earnings are withdrawn tax-free, so long as your account has met the 5-year holding period requirement
<b>Early Withdrawal</b> (Before Age 59½)	No early withdrawal penalty	Contributions come out first and are always withdrawn tax-free.  Earnings withdrawn may be subject to a 10% early penalty.	Withdrawals may be subject to a 10% early withdrawal penalty	Contributions come out first and are always withdrawn tax-free.  Earnings withdrawn may be subject to a 10% early penalty.