



Deferred Compensation Plan/NYCE IRA

40 Rector Street, Third Floor, New York, N.Y. 10006
 Tel: (212) 306-7760 / TTY: (212) 306-7707 / Fax: (212) 306-7376
 Outside NYC: 888 DCP-3113 and 888 IRA-NYCE
 Online: nyc.gov/deferredcomp and nyc.gov/nyceira



What is the difference between a traditional IRA and a Roth IRA?

There are two forms of IRAs: a traditional IRA and a Roth IRA.

	Traditional IRA	Roth IRA
Maximum yearly contribution	\$5,000 (\$6,000 if age 50 or older) for 2011	\$5,000 (\$6,000 if age 50 or older) for 2011
Are there income limitations for contributions?	Yes, if actively participating in an employer-sponsored retirement plan	Yes. Anyone with gross earned income below \$122,000 (single) or \$179,000 (married filing jointly) may contribute to a Roth IRA.
Annual contribution deadline	Tax-filing deadline for the year. Contribution must be received by the NYCE IRA Administrator prior to the tax-filing deadline for the year.	Tax-filing deadline for the year. Contribution must be received by the NYCE IRA Administrator prior to the tax-filing deadline for the year.
Is there an age restriction on contributions?	Yes. You cannot make contributions beginning with the year you reach age 70½.	No
Tax Advantage	Federal Tax-Deferred Growth	Federal Tax-Free Growth
Are there required minimum distributions during my lifetime?	Yes. Distributions must begin by the April 1 st following the year you reach age 70½. However, for 2009, you are not required to take a minimum distribution.	No. Distributions are not required during your lifetime.
Is there federal income tax on distributions?	Yes, to the extent that a distribution represents deductible contributions and investment earnings.	Not for Qualified Distributions. For non-Qualified Distributions, only the earnings portion is taxable.
Is there a 10% penalty on early distributions?	Yes, the penalty applies to taxable distributions if you are under age 59½ and do not qualify for an exception.	Yes, the penalty applies to the earnings portions if you are under age 59½ and do not qualify for an exception.
Do beneficiaries pay income tax on distributions after the IRA owner's death?	Yes, to the extent that a distribution represents deductible contributions and investment earnings.	Generally, no, as long as it is a Qualified Distribution.

All IRAs are tax deferred. That means you do not owe taxes on any earnings until you make a withdrawal. If you qualify, you may also be able to deduct your contributions to a traditional IRA on your federal income tax return, deferring tax on that amount as well. Contributions to a Roth IRA are not tax deductible, however, a Qualified Distribution from a Roth IRA is income tax-free.