

**Comparison of Roth 401(k), Roth IRA, and Traditional 401(k) Retirement Accounts**

<b>Characteristic</b>	<b>Designated Roth 401(k) Account</b>	<b>Roth IRA</b>	<b>Traditional, Pre-Tax 401(k) Account</b>
<b>Contributions</b>	Designated Roth employee elective contributions are made with <i>after-tax</i> dollars.	Roth IRA contributions are made with <i>after-tax</i> dollars.	Traditional, pre-tax employee elective contributions are made with <i>before-tax</i> dollars.
<b>Income Limits</b>	No income limitation to participate.	Income limits: married \$160,000/single \$110,000 modified AGI.	Same as Designated Roth 401(k) Account. No income limitation to participate.
<b>Maximum Elective Contribution</b>	<i>Aggregate*</i> employee elective contributions limited to \$15,000 in 2006 (\$20,000 for employees 50 or over).	Contribution limited to \$4,000 in 2006 (\$5,000 for employees 50 or over).	Same <i>aggregate*</i> limit as Designated Roth 401(k) Account
<b>Taxation of Withdrawals</b>	Withdrawals of contributions and earnings are <u>not</u> taxed provided it's a <b>qualified distribution</b> –the account is held for at least 5 years and made: <ul style="list-style-type: none"> <li>• On account of disability,</li> <li>• On or after death, or</li> <li>• On or after attainment of age 59½.</li> </ul>	Same as Designated Roth 401(k) Account and can have a qualified distribution for a first time home purchase.	Withdrawals of contributions and earnings <u>are</u> subject to Federal and most State income taxes.
<b>Required Distributions</b>	Distributions must begin no later than age 70½, unless still working and not a 5% owner.	No requirement to start taking distributions while owner is alive.	Same as Designated Roth 401(k) Account.

\* This limitation is by individual, rather than by plan. Although permissible to split the annual employee elective contribution between designated Roth contributions and traditional, pre-tax contributions, the combination cannot exceed the deferral limit - \$15,000/\$20,000 in 2006.