



Cutting Taxes While Investing

	Roth IRA	Traditional IRA	TSP
Contributions	Contributions are NOT tax deductible. IRS limits annual contribution amounts. IRS also sets age limits for Roth eligibility. Some taxpayers earn too much to qualify for a Roth IRA.	Contributions may be tax deductible up to limits established by IRS annually. IRS limits annual contribution amounts.	Contributions reduce taxable income up to the IRS established limits. Contribution limits considerably higher than for IRA contributions.
Earnings	Earnings may be withdrawn tax free provided account has been open at least five years and you are at least 59 ½ years old at the time of withdrawal.	Earnings are taxed upon withdrawal.	Earnings are taxed upon withdrawal.
Transfers	Not authorized from tax deferred accounts.	TSP or 401k accounts can be transferred into a traditional IRA (transfers do not count against annual contribution limits).	TSP accounts may be transferred into an employer provided 401k or a traditional IRA. TSP accounts over \$200 may also be left with TSP until retirement, even after member leaves federal service. Other employer 401k accounts may be transferred into your TSP account.
Withdrawals	Contributions may be withdrawn at any time without penalty. Earnings withdrawn before age 59 ½ carry a 10% penalty plus tax.	Contribution or earnings withdrawals prior to age 59 ½ subject to 10% penalty plus tax.	Active participants may borrow up to 50% of the total account balance. Early distributions are subject to penalty and taxes.
Mandatory Withdrawals	No mandatory withdrawal age.	Mandatory withdrawals begin at age 70 ½.	Mandatory withdrawals begin at 70 ½ if you have left federal service; or at the time you leave federal service if over 70 ½.