

# IRA Account Comparison Chart

A Self-Directed IRA account is different in that it allows you to invest in alternative investment assets, such as precious metals, real estate, and digital currency to name a few. However, the IRA account still follows the same IRS regulations in regard to the tax-sheltered status of the returns/earnings, contribution limits, distribution requirements, etc. We have put together the chart below to aid you with determining which type of account is the right fit for your goals.

	<b>Traditional IRA</b>	<b>Roth IRA</b>	<b>SEP IRA</b>	<b>SIMPLE IRA</b>
Participants	Individual	Individual	Small Business	Small Business up to 100 employees
Annual Contribution	Individual- \$6,000	Individual- \$6,000	Employer- lesser of 25% of compensation or \$61,000 <sup>1</sup>	Employer- Defined by Plan <sup>2</sup> Employee- \$14,000
Catch-up Contribution (Age 50 or older)	Individual- \$1,000	Individual- \$1,000	No	Employee- \$3,000
Account Type	Tax-Deferred	Tax-Free	Tax-Deferred	Tax-Deferred
IRA-to-IRA Transfers	Traditional, SEP, SIMPLE <sup>3</sup>	Roth <sup>3</sup>	Traditional, SEP, SIMPLE <sup>3</sup>	Traditional, SEP, SIMPLE <sup>3</sup>
401k or 403b Rollovers	Yes	Yes <sup>4</sup>	Yes	Yes
Conversion to Tax-Free/Roth Account	Yes <sup>4</sup>	N/A	Yes <sup>4</sup>	Yes <sup>4</sup>
Age Requirement Contributions	No	No	Defined by Plan	No
Early-Withdrawal Penalty	10% (Under age 59 ½ unless an exception applies)	10% (Under age 59 ½ unless an exception applies)	10% (Under age 59 ½ unless an exception applies)	10% (Under age 59 ½ unless an exception applies) <sup>5</sup>
Modified Adjusted Gross Income (to make and/or receive contributions)	No	Yes	No	No
Required Minimum Distributions (RMDs)	Yes (Starting age 72) <sup>6</sup>	No	Yes (Starting age 72) <sup>6</sup>	Yes (Starting age 72) <sup>6</sup>

1- Employer must match deferrals dollar-for-dollar up to 3% of compensation, make a 2% nonelective contribution to all eligible employees (up to the compensation cap under IRC Sec. 401(a)(17) or make a reduced match on at least 1% of compensation (only allowed for 2 years of any 5-year period.)

2- Contributions cannot exceed the lesser of 25% of the employee's compensation or \$61,000.

3- IRA-to-IRA transfers to like kind accounts are not subject to tax consequences and is another way for clients to fund their IRA account at Preferred Trust Company. There is no limit to the amount or number of transfers per year.

4- Converting an originally Tax-Deferred account type to a Tax-Free account will be subject to tax consequences. It is recommended that you consult with a tax professional to determine those consequences as they are subject to your personal financial situation.

5- A SIMPLE IRA owner may face a 25% penalty if a withdrawal occurs before the two-year period has been satisfied (unless an exception applies.)

6- The SECURE Act of 2019 changed the age when RMDs must begin from age 70 ½ to age 72. This was effective for distributions required in 2020 and later years for those who reach age 70 ½ after Dec. 31, 2019.

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