

Roth 403(b) TSA vs. Roth IRA

The University of Texas System Retirement Programs

	Traditional 403(b)	Roth 403(b)	Roth IRA
Eligibility	All employees	All employees	<ul style="list-style-type: none"> ▪ If filing status is single or head-of-household, AGI must not be more than \$105,000. ▪ If filing status is married filing jointly, combined AGI must not be more than \$166,000. ▪ If married filing separately, AGI must not be more than \$10,000.
2009 Contribution Limits	\$16,500, plus up to \$3,000 under the 15-year catch-up, plus \$5,500 if age 50+.	\$16,500, plus up to \$3,000 under the 15-year catch-up, plus \$5,500 if age 50+.	\$5,000, plus \$1,000 if age 50+
Tax-Free Qualified Distribution*	Not available. All distributions are taxed as ordinary income.	<p>If the following criteria are met: 5 year holding period and distribution due to:</p> <ul style="list-style-type: none"> ▪ Attainment of age 59 1/2 ▪ Disability ▪ Death 	<p>If the following criteria are met: 5 year holding period and distribution due to:</p> <ul style="list-style-type: none"> ▪ Attainment of age 59 1/2 ▪ Disability ▪ Death ▪ Certain first-time home purchase
Distributions Permitted (may be subject to taxation if the distribution is not a Qualified Distribution)	<ul style="list-style-type: none"> ▪ Age 59 ½ ▪ Death ▪ Disability ▪ Separation from service ▪ Financial hardship 	<ul style="list-style-type: none"> ▪ Age 59 ½ ▪ Death ▪ Disability ▪ Separation from service ▪ Financial hardship ▪ Death ▪ Disability 	At any time (no restrictions apply).
Internal Revenue Service 10% Premature Distribution Penalty Tax	Applicable to all amounts distributed prior to age 59 1/2, unless an exception applies.	Applicable to earnings distributed prior to age 59 1/2, unless an exception applies.	Applicable to earnings distributed prior to age 59 1/2, unless an exception applies.
Loan Availability	Yes, if offered by vendor	Yes, if offered by vendor	No
Required Minimum Distribution	Yes	Yes	No, during owner's lifetime.

* Note that distributions from the Roth 403(b) and Roth IRA are subject to taxation on the portion attributable to earnings if made before Qualified Distribution provisions are satisfied.