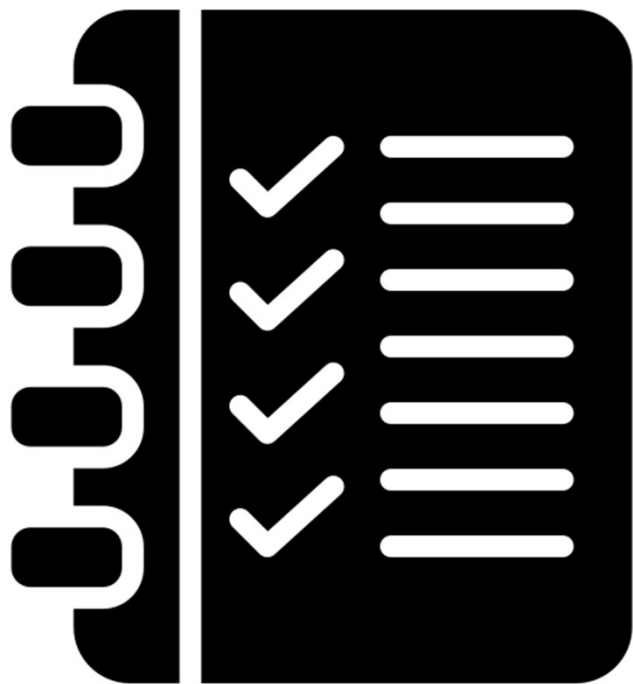


IRA Contributions

OVERVIEW OF TRADITIONAL & ROTH IRA CONTRIBUTIONS

What We'll Cover



- Eligibility
- Maximum contribution limits
- Regular, catch-up & spousal contributions
- Deductible v. nondeductible contributions
- Funding deadline
- Changing the IRA type the contribution was made to
- Reporting

Regular/Spousal Contribution Limits

Year	Regular	Catch Up (age 50 or older)
2022	\$6,000	\$1,000
2023	\$6,500	\$1,000
2024	\$7,000	\$1,000

- Must have earned income
- Maximum contribution limit is the *lesser* of:
 - The applicable annual limit, or
 - The IRA owner's* compensation for the year
- Limit is an aggregate (Traditional and Roth)

*Or spouse's compensation if filing a joint federal tax return

Catch-up Contribution Eligibility

Any individual who has attained the age of 50 or older before the close of the taxable year

Spousal IRA Contributions

1

Couple must file a joint federal income tax return

2

At least one spouse must have eligible earned income

3

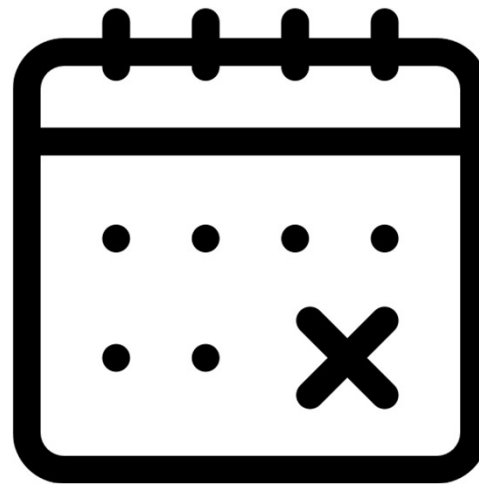
For Roth IRAs, couple must have modified adjusted gross income (MAGI) within limits

Roth Funding Eligibility 2024

Single Individuals	MAGI	Contribution limit
	≤\$146,000	Eligible for full contribution
	\$146,000 - \$161,000	Eligible for a reduced amount
	≥\$161,000	Ineligible
Married Filing Jointly (or qualifying surviving spouse)	MAGI	Contribution limit
	≤\$230,000	Eligible for full contribution
	\$230,000 - \$240,000	Eligible for a reduced amount
	≥\$240,000	Ineligible
Married Filing Separately (lived with spouse at any time during the year)	MAGI	Contribution limit
	>\$0 but less than \$10,000	Eligible for a reduced amount
	\$10,000 or more	Ineligible

IRA
Contribution
Deadline

Tax Return Due Date
(*Not* Including Extensions)



- Traditional IRAs:

Sometimes

- Roth IRAs:

Never

Are IRA
Contributions
Tax Deductible?

Tax Treatment of IRAs

IRA Type	Contributions	Earnings	Distributions
Traditional	<input type="checkbox"/> May be deductible <input type="checkbox"/> May qualify for tax credit	<input type="checkbox"/> Tax-deferred	<input type="checkbox"/> Generally taxable
Roth	<input type="checkbox"/> Not deductible <input type="checkbox"/> May qualify for tax credit	<input type="checkbox"/> Tax-deferred	<input type="checkbox"/> Tax free qualified distributions

What Factors Affect Deductibility for Traditional IRAs?

Factor #1: Active Participant (AP) Status

Did the individual (or his/her spouse) accrue benefits under an employer-sponsored retirement plan?

- **No** = Traditional IRA contributions are fully deductible
- **Yes** = Eligibility for deduction determined by modified adjusted gross income (MAGI)

What Factors Affect Deductibility for Traditional IRAs?

Factor #2: MAGI

Filing status and MAGI determine the portion of deposit eligible for deduction.

Filing Status	Household Modified Adjusted Gross Income (2024)		
	Full Deduction	Partial Deduction	No Deduction
Single	≤ \$73,000	> \$73,000 < \$83,000	≥ \$83,000
Married Filing Joint (IRA Owner= AP)	≤ \$116,000	> \$116,000 < \$136,000	≥ \$136,000
Married Filing Joint (Spouse = AP)	≤ \$218,000	> \$218,000 < \$228,000	≥ \$228,000

How is Active Participant Status Determined?



Form W-2 (Box 13)



IRS Notice 98-49



IRS Publication 590-A

22222		a Employee's social security number		OMB No. 1545-0008	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial		Last name		Suff.	
		11 Nonqualified plans		12a	
		13 Statutory employee Retirement plan Third-party sick pay		12b	
		14 Other		12c	
f Employee's address and ZIP code				12d	
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
					20 Locality name

Form **W-2** Wage and Tax Statement
Copy 1—For State, City, or Local Tax Department

2024

Department of the Treasury—Internal Revenue Service

Traditional IRA Deduction

SCHEDULE 1 (Form 1040)

Department of the Treasury
Internal Revenue Service

Additional Income and Adjustments to Income

Attach to Form 1040, 1040-SR, or 1040-NR.
Go to www.irs.gov/Form1040 for instructions and the latest information.

OMB No. 1545-0074

2023
Attachment
Sequence No. 01

Schedule 1 (Form 1040) 2023

Page **2**

Part II Adjustments to Income

11	Educator expenses	11	
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12	
13	Health savings account deduction. Attach Form 8889	13	
14	Moving expenses for members of the Armed Forces. Attach Form 3903	14	
15	Deductible part of self-employment tax. Attach Schedule SE	15	
16	Self-employed SEP, SIMPLE, and qualified plans	16	
17	Self-employed health insurance deduction	17	
18	Penalty on early withdrawal of savings	18	
19a	Alimony paid	19a	
b	Recipient's SSN		
c	Date of original divorce or separation agreement (see instructions):		
20	IRA deduction	20	

Nondeductible Contributions

- Don't confuse eligibility with deductibility
- Individuals who are eligible to contribute—but ineligible to *deduct*—may make nondeductible contributions
- Nondeductible contributions are tracked by IRA owner on IRS Form 8606;
 - Not tracked by financial organization
 - Lifetime obligation for taxpayer
 - Not difficult, but important

IRS Form 8606

Form 8606	Nondeductible IRAs		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	Attach to 2023 Form 1040, 1040-SR, or 1040-NR. Go to www.irs.gov/Form8606 for instructions and the latest information.		2023 Attachment Sequence No. 48
Name. If married, file a separate form for each spouse required to file 2023 Form 8606. See instructions.			Your social security number
Fill in Your Address Only if You Are Filing This Form by Itself and Not With Your Tax Return	Home address (number and street, or P.O. box if mail is not delivered to your home)		Apt. no.
	City, town or post office, state, and ZIP code. If you have a foreign address, also complete the spaces below (see instructions).		
	Foreign country name	Foreign province/state/county	Foreign postal code

Part I **Nondeductible Contributions to Traditional IRAs and Distributions From Traditional, Traditional SEP, and Traditional SIMPLE IRAs**

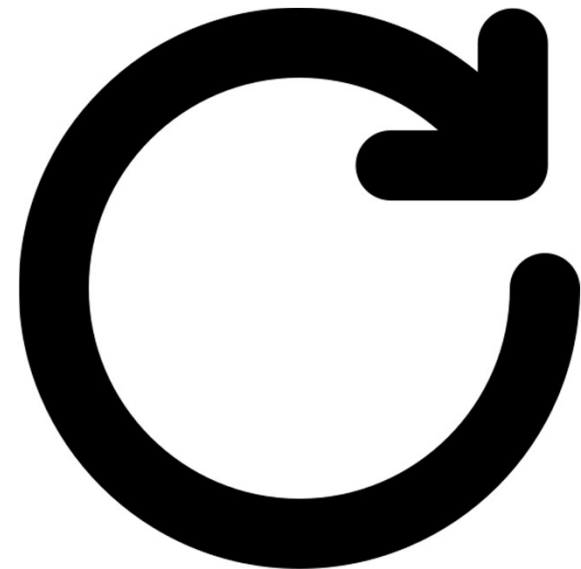
Complete this part only if one or more of the following apply.

- You made nondeductible contributions to a traditional IRA for 2023.
- You took distributions from a traditional, traditional SEP, or traditional SIMPLE IRA in 2023 **and** you made nondeductible contributions to a traditional IRA in 2023 or an earlier year. For this purpose, a distribution does not include a rollover (other than certain qualified disaster distribution repayments from 2023 Form(s) 8915-F), qualified charitable distribution, one-time distribution to fund an HSA, conversion, recharacterization, or return of certain contributions.
- You converted part, but not all, of your traditional, traditional SEP, and traditional SIMPLE IRAs to Roth, Roth SEP, or Roth SIMPLE IRAs in 2023 **and** you made nondeductible contributions to a traditional IRA in 2023 or an earlier year.

What is a Recharacterization?

A recharacterization is treating a contribution made to one type of IRA as having been made to a different type of IRA

- An IRA owner may recharacterize a *regular* Traditional IRA contribution as a Roth IRA contribution and vice versa
- Recharacterization of Roth *conversions* is no longer permitted



Who Does What in a Recharacterization?

IRA Owner

- The IRA owner irrevocably elects to treat the contribution as having been made to the second IRA rather than to the first
- The IRA owner attaches a statement with the tax return confirming the recharacterization for the year during which the contribution was made

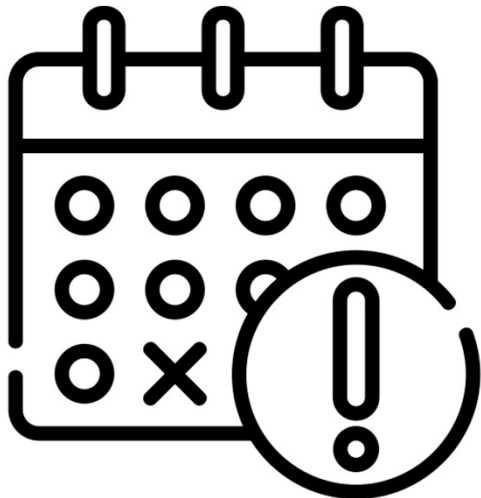
Financial Organization

- The financial organization transfers the contribution amount, plus any net income attributable, from the first IRA to the second IRA
- The financial organization reports
 - the original contribution (Form 5498),
 - the recharacterization distribution (Form 1099-R, Code R or N), and
 - the recharacterized contribution (Form 5498).

Recharacterization Deadline

General Rule:

Tax return due date,
plus extensions



After Tax Return Due Date:

IRA owners who did not originally file for an extension may still recharacterize a contribution if

- they file a timely tax return;
- they recharacterize within six months (October 15 for most); and
- they amend their tax return to show the recharacterization.

IRA Contribution Reporting

☐ CORRECTED (if checked)

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)		OMB No. 1545-0747	
		\$		2024	
TRUSTEE'S or ISSUER'S TIN		2 Rollover contributions		Form 5498	
		\$			
PARTICIPANT'S TIN		3 Roth IRA conversion amount		4 Recharacterized contributions	
		\$		\$	
PARTICIPANT'S name		5 FMV of account		6 Life insurance cost included in box 1	
		\$		\$	
Street address (including apt. no.)		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>		This information is being furnished to the IRS.	
		8 SEP contributions			
City or town, state or province, country, and ZIP or foreign postal code		9 SIMPLE contributions			
		\$			
Account number (see instructions)		10 Roth IRA contributions		11 If checked, required minimum distribution for 2025 <input type="checkbox"/>	
		\$			
		12a RMD date		12b RMD amount	
		\$		\$	
		13a Postponed/late contrib.		13b Year	
		\$		13c Code	
		14a Repayments		14b Code	
		\$			
		15a FMV of certain specified assets		15b Code(s)	
		\$			

Form 5498 (keep for your records) www.irs.gov/Form5498 Department of the Treasury - Internal Revenue Service

IRA Contribution Information

Copy B

For Participant

Questions?



CHAT WITH US OR CALL US AT 888.470.4542
MONDAY-FRIDAY, 8:00 A.M.-5:00 P.M., CT