Income Levels For IRA Deductibility Phaseout For Active Participants In Employment Sponsored Retirement Plans

Year	Single Taxpayer Threshold Level Phaseout Limit	Married, Filing Jointly Threshold Level Phaseout Limit
2017	$62,000 – $72,000	$99,000 – $119,000
2018	$63,000 – $73,000	$101,000 – $121,000

	Filing Status	
Deduction Formula	Single	Married Filing Jointly
A. Phaseout Limit	$_______	$_______
B. Your Adjusted Gross Income*	_______	_______
C. Subtract B from A	_______	_______
Line C multiplied by .2 equals	x .2	x .2
the amount you may deduct.**	_______	_______

* Adjusted Gross Income is your taxable income from all sources including taxable Social Security benefits and adjustment for passive loss limitations.

** If you are eligible for a deduction and this amount is less than $200, you may still deduct $200 from your taxes. If this amount is $200 or more, deduct this amount (you must round up to the nearest $10).

I Am Not An Active Participant In An Employer-Sponsored Retirement Plan. May I Deduct IRA Contributions?

If you are not an active participant in an employer-sponsored pension or profit-sharing plan, you can deduct 100% of your IRA contribution regardless of income level. If your spouse is an active participant and your joint income is $186,000 in 2017 & $189,000 in 2018, you cannot fully deduct your IRA contribution.

Partial deductions are permitted for joint incomes between $186,000 and $196,000 in 2017 and $189,000 and $199,000 in 2018.

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Questions and Answers

What Is An IRA?

An Individual Retirement Account (IRA) is a special savings plan authorized by the Federal government to help you accumulate funds for your retirement.

Who Is Eligible To Contribute To An IRA?

Every individual who has earned income or received alimony may contribute to an IRA. Income from other sources such as investments or inheritances does not qualify. Contributions may not be made for or after the year in which you reach age 70½.

I Am An Active Participant In An Employer-Sponsored Retirement Plan. May I Deduct IRA Contributions?

Your IRA contribution may still be fully or partially deductible, depending on your income level.

Refer to "IRA Deductions For Active Participants in Employer-Sponsored Retirement Plans" chart on back panel.

Are IRA Earnings, Such As Interest And Dividends, Tax-Deferred?

All the earnings you accumulate in your IRA remain tax-sheltered until withdrawn.

Must I Contribute The Full Amount Each Year?

No. You can contribute any amount your budget allows, either in one or more contributions. In fact, if you choose, you need not make any contributions in a given year.

When Can I Make Withdrawals?

Withdrawals (distributions) are permitted any time after age 59½ but must start by April 1st following the year in which the participant reaches the age of 70½. After age 59½, you may make withdrawals even if you continue to earn income. It is not necessary to be retired in order to make withdrawals.

Can I Make Earlier Withdrawals?

There is a 10% penalty for withdrawing all or any part of the account before age 59½, with the following exceptions:

- in the event of death or total disability.
- you may withdraw nondeductible contributions (earnings on these contributions will be taxable).
- as a qualified first-time homebuyer you may withdraw up to $10,000 during your lifetime. It must be used within 120 days to pay costs (including reasonable settlement, financing or other closing costs). This exception is available for expenses of the individual, spouse, child, grandchild, or ancestor of such individual or spouse.
- if you use the withdrawal to pay qualified higher education expenses.
- if you use the withdrawal to pay for medical expenses in excess of 10% of your adjusted gross income or to purchase health insurance after receiving unemployment compensation for more than 12 weeks.
- if the funds are paid out in a series of payments made over your life expectancy (or the joint life expectancy of you and your beneficiary).
- as a qualified military reservist

When Are Taxes Paid On IRAs?

When you begin making withdrawals, you will be taxed on only the amount you withdraw each year on which taxes have not previously been paid. The remaining funds continue to accumulate tax-deferred earnings. In all probability, you will benefit by the fact that you will be in a lower tax bracket than at the time you made your contribution.

Can Funds Be Rolled Over From One Traditional IRA to Another Traditional IRA?

Beginning January 1, 2015, you can make only one rollover from an IRA to another (or the same) IRA in any 12-month period, regardless of the number of IRAs you own. You can, however, continue to make as many trustee-to-trustee transfers between IRAs as you want. You can also make as many rollovers from Traditional IRAs to Roth IRAs ("conversions") as you want.

What Is The Deadline For Contributing To An IRA?

You can open or make contributions to your IRA any time up to and including the due date of your tax return for the previous tax year, normally April 15th.

IRA Deductions For Active Participants In Employer-Sponsored Retirement Plans

If you are an active participant in an employer-sponsored pension or profit-sharing plan, your IRA contribution deduction will depend on your level of adjusted gross income.

Active participants below a "threshold level" of income may make deductible IRA contributions. Active participants with incomes above the phaseout limit are not entitled to any IRA deduction.

How Much Can I Contribute To An IRA?

$5,500 (2017 & 2018)

You can contribute all or part of compensation, up to:

- Individual Taxpayer – $5,500 (2017 & 2018)
- Married Taxpayer – $11,000 where both spouses have earned income (each spouse can contribute up to $5,500 each) for 2017 & 2018.
- Spousal IRA – For 2017 & 2018, $11,000 for married taxpayers filing jointly where one spouse has little or no income. (Yearly contributions may be divided between the accounts, provided the total contribution does not exceed $11,000 and neither account is allocated more than $5,500).

Total yearly contribution that can be made by an individual to all IRAs, Traditional (deductible, nondeductible) and Roth IRAs, is $5,500 (2017 & 2018) not counting rollover contributions.

"CATCH-UP" CONTRIBUTIONS FOR PEOPLE 50 AND OLDER

To make up for lost time, workers 50 and older before the end of the taxable year can make additional contributions above the new maximum limits as follows:

- $1,000 a year (2017 & 2018)