

Investment Section

Roth IRA and Traditional IRA Contributions

An individual can annually contribute a maximum of \$5,000 or 100% of taxable compensation, whichever is lower. An individual older than 50 years of age before the end of the year may contribute \$6,000. These limits apply to the aggregate amount of contributions made to all IRA accounts. Therefore, if you own multiple IRA accounts (Traditional and/or Roth) the sum of your contributions to all three accounts for the year cannot be greater than \$5,000 (or \$6,000).

Contributions may be limited or completely phased out based on AGI limitations, filing status, and whether or not a taxpayer is an active participant in an employer qualified retirement plan. The contribution limitations are described below.

Traditional IRA Limits – Active Participant in Employer Qualified Retirement Plan

- *Single and Head-of-Household* – Contributions are limited if modified AGI is between \$56,000 and \$66,000; completely phased out above \$66,000.
- *Married Filing Separately* – Contributions are limited if modified AGI is between \$0 and \$10,000; completely phased out above \$10,000.
- *Married Filing Jointly* – Contributions are limited if modified AGI is between \$89,000 and \$109,000; completely phased out above \$109,000.

Traditional IRA Limits – Non-Active Participant in Employer Qualified Retirement Plan

- Regardless of filing status, if a taxpayer is not an active participant in an employer qualified retirement plan, contributions made to a Traditional or Roth IRA are not subject to modified AGI limitations and are fully deductible.

Roth IRA Limits

- Contribution limitations for a Roth IRA are not subject to participation rules; only modified AGI rules.
- *Single, Head of Household, Married Filing Separately* – Contributions are limited if modified AGI is between \$105,000 and \$120,000; completely phased out above \$120,000.
- *Married Filing Jointly* – Contribution is limited if modified AGI is between \$167,000 and \$177,000; completely phased out above \$177,000.

It's important to note that a SIMPLE IRA and a SEP have their own contribution and limitation rules and are not impacted by rules set forth above for Traditional and Roth IRAs. Our tax professionals can make these sometimes confusing rules understandable in regards to your personal investment activities.