Contribute to an IRA for 2014

You still have time to contribute to your IRA if you do so by April 15!

Contributions to traditional IRAs are often deductible.

Contributions to Roth IRAs are not deductible, qualified distributions, usually after age 59½, are tax-free.

Most taxpayers with qualifying income are either eligible to set up a traditional or Roth IRA, or add money to an existing account.

Contributions must be made no later than April 15, 2015.

In addition certain low and moderate income taxpayers making contributions may also qualify for the saver’s credit.

Eligible taxpayers can contribute up to $5,500 to an IRA.

For those who were at least age 50 at the end of 2014 the limit is increased to $6,500.

If you have reached age 70½ at the end of the tax year you are barred from making any further contributions to a traditional IRA.

There is no age limit for those contributing to a Roth IRA.

The deduction for contributions to a traditional IRA is generally phased out for taxpayers covered by a any kind of a retirement plan whose incomes are above certain levels.

For someone covered by a retirement plan the deduction is phased out if the your modified adjusted gross income (MAGI) for the year is:

· For those filing as Single, or Head of Household, MAGI between $60,000 and $70,000gles;

· $0 and $10,000 for married persons filing separately;

· For married couples filing a joint return where the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out range for the deduction is between $96,000 to $116,000;

· Where the IRA contributor is not covered by a retirement plan but is married to someone who is covered, the MAGI phase-out range is $181,000 to $191,000.

While contributions to Roth IRAs are not deductible, the maximum permitted amount of these contributions is phased out for taxpayers whose incomes are above certain levels as well.

The MAGI phase-out ranges are:

· Married couples filing a joint tax return the phase out is $181,000 to $191,000;

· For Single and Head of Household filers the phase out is between $114,000 to $129,000;

· For those who are married filing separately the phase out is $0 to $10,000.

The Savers Credit is often available to IRA contributors whose adjusted gross income falls below certain levels.

For 2014, the income limits are:

· For those filing Single, and Married filing Separately the income limit is $30,000;

· For those filing as Head of Household the limit is $45,000;

· For those filing Married the limit is $60,000.
The saver’s credit can increase your refund or reduce the tax owed.

The amount of the credit is based on a number of factors, including the amount contributed to either a Roth or traditional IRA and other qualifying retirement programs.

Remember that any distributions from a traditional IRA is taxable.
You can start distributions from a traditional IRA when you reach
age 59 ½ without penalty, but you will pay the income tax for the amount distributed.

Those with traditional IRAs must begin receiving distributions by April 1 of the year following the year they turn 70½, but there is no similar requirement for Roth IRAs.