



IRS Tax Tip 2014-50: Top Tips on Making IRA Contributions

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IRS Tax Tips

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Top Tips on Making IRA Contributions

If you made IRA contributions or you're thinking of making them, you may have questions about IRAs and your taxes. Here are some important tips from the IRS about saving for retirement using an IRA.

1. You must be under age 70 1/2 at the end of the tax year in order to contribute to a traditional IRA. There is no age limit to contribute to a Roth IRA.
2. You must have taxable compensation to contribute to an IRA. This includes income from wages and salaries and net self-employment income. It also includes tips, commissions, bonuses and alimony. If you're married and file a joint return, generally only one spouse needs to have compensation.
3. You can contribute to an IRA at any time during the year. To count for 2013, you must make all contributions by the due date of your tax return. This does not include extensions. That means you usually must contribute by April 15, 2014. If you contribute between Jan. 1 and April 15, make sure your plan sponsor applies it to the right year.
4. In general, [the most you can contribute](#) to your IRA for 2013 is the smaller of either your taxable compensation for the year or \$5,500. If you were age 50 or older at the end of 2013, the maximum you

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can contribute increases to \$6,500.

5. You normally won't pay income tax on funds in your traditional IRA until you start taking distributions from it. Qualified distributions from a Roth IRA are tax-free.

6. You may be able to [deduct](#) some or all of your contributions to your traditional IRA. Use the worksheets in the [Form 1040A](#) or [Form 1040](#) instructions to figure the amount that you can deduct. You may claim the deduction on either form. Unlike a traditional IRA, you can't deduct contributions to a Roth IRA.

7. If you contribute to an IRA you may also qualify for the [Saver's Credit](#). The credit can reduce your taxes up to \$2,000 if you file a joint return. Use [Form 8880](#), Credit for Qualified Retirement Savings Contributions, to claim the credit. You can file Form 1040A or 1040 to claim the Saver's Credit.

8. See [Publication 590](#), Individual Retirement Arrangements, for more about IRAs.

You can get forms and publications on [IRS.gov](#) or order them by calling 800-TAX-FORM (800-829-3676).

Additional IRS Resources:

- [Individual Retirement Arrangements \(IRAs\)](#)
- [IRA FAQs](#)
- [Tax Topic 451](#) - Individual Retirement Arrangements (IRAs)
- [1040 Central](#)
- [IRS Tax Map](#)

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