

Aronson and Associates LLP

IRA ACCOUNTS



image courtesy of Stuart Miles, freedigitalphotos.net

There are two types of Individual Retirement Accounts:

See your Financial Advisor!!!!

Contributions are due 4/15 - NO EXTENSION

Traditional IRA

1. You may contribute the LESSER of the annual contribution limit or 100% of your earned income.
 - 2021 limit is \$6000 + catch up \$1000 if age 50+
 - 2022 limit is \$6000 + catch up \$1000 if age 50+
2. You can contribute to an IRA for your non-working spouse if you have taxable income greater than the total amount of IRA contributions you make for the year.
3. Whether the IRA contribution for you/spouse is deductible depends on filing status, income, and the presence of other employer sponsored retirement plans.
4. To withdraw from an IRA, the taxpayer must be age 59 1/2 or face a 10% early withdrawal penalty. There are certain exceptions to this penalty.
5. A distribution is required when the taxpayer reaches age 72 - applicable to distributions made after 12/31/19. If you were 70 1/2 in 2019 you must continue to take your RMD.
6. Deductible contributions - at withdrawal, both principle & earnings are taxable.
7. Non-deductible contributions - principle is non-taxable, earnings are taxable.
8. Contribution are allowed after age 70 1/2. - SECURE Act, QCDs are allowed as of age 70 1/2

Roth IRA

1. You may contribute the LESSER of the annual contribution limits or 100% of your earned income.
 - 2021 limit is \$6000 + catch up \$1000 if age 50+
 - 2022 limit is \$6000 + catch up \$1000 if age 50+
2. Contribution is limited by filing status, income, and the presence of other employer sponsored retirement plans.
3. To withdraw from a Roth IRA, the taxpayer must be age 59 1/2 or face a 10% early withdrawal penalty on earnings. There are certain exceptions to this penalty.
4. There are NO required minimum distributions from a Roth IRA.