IRS Tax Tip 2015-50: Still Time to Make Your IRA Contribution for the 2014 Tax Year

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Still Time to Make Your IRA Contribution for the 2014 Tax Year

Did you contribute to an Individual Retirement Arrangement last year? Are you thinking about contributing to your IRA now? If so, you may have questions about IRAs and your taxes. Here are some IRS tax tips about saving for retirement using an IRA.

- **Age rules.** You must be under age 70½ 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.
- **Compensation rules.** 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 are married and file a joint tax return, only one spouse needs to have compensation in most cases.
- **When to contribute.** You can contribute to an IRA at any time during the year. To count for 2014, you must contribute by the due date of your tax return. This does not include extensions. That

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means most people must contribute by April 15, 2015. If you contribute between Jan. 1 and April 15, make sure your plan sponsor applies it to the year you choose (2014 or 2015).

- **Contribution limits.** In general, the most you can contribute to your IRA for 2014 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 2014, the maximum you can contribute increases to $6,500. If you contribute more than these limits, an additional tax will apply. The added tax is 6 percent of the excess amount that you contributed.
- **Taxability rules.** 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.
- **Deductibility rules.** 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. You may not deduct contributions to a Roth IRA.
- Saver's Credit. 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.

If you found this Tax Tip helpful, please share it through your social media platforms. A great way to get tax information is to use IRS Social Media. You can also subscribe to IRS Tax Tips or any of our e-news subscriptions.

Additional IRS Resources:

- Publication 590, Individual Retirement Arrangements (includes links to Publication 590-A, Contributions to Individual Retirement Arrangements & Publication 590-B, Distributions from Individual Retirement Arrangements)
- Individual Retirement Arrangements (IRAs)
- IRA FAQs
- Tax Topic 451 - Individual Retirement

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- Filing Your Taxes
- IRS Tax Map

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