



IRA Basics

Features	Traditional IRA	Roth IRA
Who can contribute?	You can contribute if you (or your spouse if filing jointly) have taxable compensation but not after you are age 70½ or older.	You can contribute at any age if you (or your spouse if filing jointly) have taxable compensation and your modified adjusted gross income is below certain amounts (see 2019 limits).
Are my contributions deductible?	You can deduct your contributions if you qualify.	Your contributions aren't deductible.
How much can I contribute?	The most you can contribute to all of your traditional and Roth IRAs is the smaller of: » \$6,000 (for 2019), or \$7,000 if you're age 50 or older by the end of the year; or » Your taxable compensation for the year.	
What is the deadline to make contributions?	Your tax return filing deadline (not including extensions). For example, you can make 2019 IRA contributions until April 15, 2020.	
When can I withdraw money?	You can withdraw money anytime.	
Do I have to take required minimum distributions?	You must start taking distributions by April 1 following the year in which you turn age 70½ and by December 31 of later years.	Not required if you are the original owner.
Are my withdrawals and distributions taxable?	Any deductible contributions and earnings you withdraw or that are distributed from your traditional IRA are taxable. Also, if you are under age 59 ½ you may have to pay an additional 10% tax for early withdrawals unless you qualify for an exception.	None if it's a qualified distribution (or a withdrawal that is a qualified distribution). Otherwise, part of the distribution or withdrawal may be taxable. If you are under age 59 ½, you may also have to pay an additional 10% tax for early withdrawals unless you qualify for an exception.

More Resources

irs.gov/retirement-plans/traditional-and-roth-iras



Retirement Savings Contributions Credit (Saver's Credit)

You may be able to take a tax credit for making eligible contributions to your IRA or employer-sponsored retirement plan. And, beginning in 2018, if you're the designated beneficiary you may be eligible for a credit for contributions to your Achieving a Better Life Experience (ABLE) account.

Who's eligible for the credit?

You're eligible for the credit if you're:

1. Age 18 or older;
2. Not a full-time student; and
3. Not claimed as a dependent on another person's return.

See the instructions for Form 8880, Credit for Qualified Retirement Savings Contributions, for the definition of a full-time student.

Amount of the credit

The amount of the credit is 50%, 20% or 10% of your retirement plan or IRA or ABLE account contributions depending on your adjusted gross income (reported on your Form 1040 series return). The maximum credit amount is \$2,000 (\$4,000 if married filing jointly). Use the chart below to calculate your credit.

Retirement savings eligible for the credit

The Saver's Credit can be taken for your contributions to a

traditional or Roth IRA; your 401(k), SIMPLE IRA, SARSEP, 403(b), 501(c)(18) or governmental 457(b) plan; and your voluntary after-tax employee contributions to your qualified retirement and 403(b) plans.

Rollover contributions (money that you moved from another retirement plan or IRA) aren't eligible for the Saver's Credit. Also, your eligible contributions may be reduced by any recent distributions you received from a retirement plan or IRA.

Example: Jill, who works at a retail store, is married and earned \$37,000 in 2017. Jill's husband was unemployed in 2017 and didn't have any earnings. Jill contributed \$1,000 to her IRA in 2017. After deducting her IRA contribution, the adjusted gross income shown on her joint return is \$36,000. Jill may claim a 50% credit, \$500, for her \$1,000 IRA contribution.

ABLE contributions eligible for the credit

Beginning in 2018, the Saver's Credit can be taken for your contributions to an ABLE account if you're the designated beneficiary.

Rollover contributions (money that you moved from another ABLE account or from a Qualified Tuition Plan (QTP) account do not qualify for the credit. Also, your eligible contributions may be reduced by any recent distributions you received from your ABLE account.

2019 Saver's Credit

Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than \$38,500	AGI not more than \$28,875	AGI not more than \$19,250
20% of your contribution	\$38,501 - \$41,500	\$28,876 - \$31,125	\$19,251 - \$20,750
10% of your contribution	\$41,501 - \$64,000	\$31,126 - \$48,000	\$20,751 - \$32,000
0% of your contribution	more than \$64,000	more than \$48,000	more than \$32,000

More Resources

[irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit](https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-savings-contributions-savers-credit)