Alliance Wealth Management Group
Thomas Mccabe, CPA/PFS®
Co-founder, CEO, Wealth Advisor
23 Royal Road
Suite 101
Flemington, NJ 08822
908-751-7092
tmccabe@alliancewmg.com

There's Still Time to Contribute to an IRA for 2018

Making a last-minute contribution to an IRA may help you reduce your 2018 tax bill. If you qualify, your traditional IRA contribution may be tax deductible. And if you had low to moderate income and meet eligibility requirements, you may also be able to claim the Savers Credit for 2018 based on your contributions to a traditional or Roth IRA . Claiming this nonrefundable tax credit may help you reduce your tax bill and give you an incentive to save for retirement. For more information, visit [irs.gov.](irs.gov)

Even though tax filing season is well under way, there's still time to make a regular IRA contribution for 2018. You have until your tax return due date (not including extensions) to contribute up to $5,500 for 2018 ($6,500 if you were age 50 or older on December 31, 2018). For most taxpayers, the contribution deadline for 2018 is April 15, 2019 (April 17 for taxpayers who live in Maine or Massachusetts).

You can contribute to a traditional IRA, a Roth IRA, or both, as long as your total contributions don't exceed the annual limit (or, if less, 100% of your earned income). You may also be able to contribute to an IRA for your spouse for 2018, even if your spouse didn't have any 2018 income.

Traditional IRA

You can contribute to a traditional IRA for 2018 if you had taxable compensation and you were not age 70½ by December 31, 2018. However, if you or your spouse was covered by an employer-sponsored retirement plan in 2018, then your ability to deduct your contributions may be limited or eliminated, depending on your filing status and modified adjusted gross income (MAGI). (See table below.) Even if you can't make a deductible contribution to a traditional IRA, you can always make a nondeductible (after-tax) contribution, regardless of your income level. However, if you're eligible to contribute to a Roth IRA, in most cases you'll be better off making nondeductible contributions to a Roth, rather than making them to a traditional IRA.

2018 income phaseout ranges for determining deductibility of traditional IRA contributions:		
1. Covered by an employer-sponsored plan and filing as:	Your IRA deduction is reduced if your MAGI is:	Your IRA deduction is eliminated if your MAGI is:
Single/Head of household	$63,000 to $73,000	$73,000 or more
Married filing jointly	$101,000 to $121,000	$121,000 or more
Married filing separately	$0 to $10,000	$10,000 or more
2. Not covered by an employer-sponsored retirement plan, but filing joint return with a spouse who is covered by a plan	$189,000 to $199,000	$199,000 or more

Roth IRA

You can contribute to a Roth IRA even after reaching 70½ if your MAGI is within certain limits. For 2018, if you file your federal tax return as single or head of household, you can make a full Roth contribution if your income is $120,000 or less. Your maximum contribution is phased out if your income is between $120,000 and $135,000, and you can't contribute at all if your income is $135,000 or more. Similarly, if you're married and file a joint federal tax return, you can make a full Roth contribution if your income is $189,000 or less. Your contribution is phased out if your income is between $189,000 and $199,000, and you can't contribute at all if your income is $199,000 or more. And if you're married filing separately, your contribution phases out with any income over $0, and you can't contribute at all if your income is $10,000 or more.

You have until your tax return due date (not including extensions) to contribute up to $5,500 for 2018 ($6,500 if you were age 50 or older on December 31, 2018). For most taxpayers, the contribution deadline for 2018 is April 15, 2019 (April 17 for taxpayers who live in Maine or Massachusetts).

2018 income phaseout ranges for determining eligibility to contribute to a Roth IRA:		
	Your ability to contribute to a Roth IRA is reduced if your MAGI is:	Your ability to contribute to a Roth IRA is eliminated if your MAGI is:
Single/Head of household	$120,000 to $135,000	$135,000 or more
Married filing jointly	$189,000 to $199,000	$199,000 or more
Married filing separately	$0 to $10,000	$10,000 or more

Even if you can't make an annual contribution to a Roth IRA because of the income limits, there's an easy workaround. If you haven't yet reached age 70½, you can make a nondeductible contribution to a traditional IRA and then immediately convert that traditional IRA to a Roth IRA. Keep in mind, however, that you'll need to aggregate all traditional IRAs and SEP/SIMPLE IRAs you own — other than IRAs you've inherited — when you calculate the taxable portion of your conversion. (This is sometimes called a "back-door" Roth IRA.)

Finally, if you make a contribution — no matter how small — to a Roth IRA for 2018 by your tax return due date and it is your first Roth IRA contribution, your five-year holding period for identifying qualified distributions from all your Roth IRAs (other than inherited accounts) will start on January 1, 2018.

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