



## Traditional Individual Retirement Accounts (IRAs)

An Individual Retirement Account or IRA provides a convenient way for all working people to save for their retirement. A traditional IRA is a tax-deferred retirement savings account; you pay taxes on the money in your account only when you make withdrawals in retirement. This is different from a Roth IRA where you pay into it with after-tax dollars, but your money is then allowed to grow tax-free and you do not pay taxes on withdrawals.

### Contribution Limits for 2024:

If you are UNDER 50 years old...	If you are OVER 50 years old...
\$7,000	\$8,000

- Married couples can put in double the individual amount each year.
- You can put in less if you cannot afford the full amount. The important thing is to start saving.
- The deadline for the annual contribution is April 15 of the following year, though the earnings will accrue more quickly if you contribute earlier.
- Many people can get a tax deduction for the amount they put into an IRA.

### Tax Breaks

- The traditional IRA, sometimes called a deductible IRA, offers two tax breaks:
- First, it may be tax deductible, which allows you to delay paying tax on the money you contribute. Example: if you earn \$25,000 a year and put \$5,000 into an IRA, you'll pay taxes on just \$20,000.
- Second, all of your investment earnings from an IRA are tax-deferred. This means no taxes are paid until you start to withdraw the money at retirement. However, to avoid paying a penalty, you will have to wait until age 59½ to begin withdrawing money.

### When Can I Withdraw My Money?

- If you withdraw any money before age 59½, you will have to pay a 10% penalty in addition to the regular income tax. After you reach age 72, however, you must start making withdrawals. (Note: The SECURE Act of 2019 increased this age for required minimum distributions from 70½ to 72 for individuals who reach 70½ from January 1, 2020 onward.)
- There are some exceptions. You are allowed to make penalty-free withdrawals for college tuition, as well as withdrawals of up to \$10,000 for a first-time home purchase.

Find out more at: [www.wiserwomen.org](http://www.wiserwomen.org)

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## How Do I Open an IRA?

- You can open an IRA at a variety of financial institutions, including banks, mutual fund companies and brokerage firms.
- Your best bet is to open one at a large, no-load mutual fund company. (Loads are commissions charge by some mutual funds; you want to avoid them whenever possible.) Ask mutual fund companies for free information on IRAs to help you choose which type is right for you.

## Rules on When the Contribution is Tax Deductible

- If you are single, widowed or married and neither you nor your spouse are covered by a company-sponsored retirement plan, you can fully deduct contributions to an IRA, regardless of income.
- If you ARE covered by a company retirement plan, there are limits on your deduction based on your adjusted gross income, or AGI. (Your AGI is your gross taxable income minus certain “adjustments” like alimony payments, child support, etc.)
- If you are NOT covered by a company retirement plan but your spouse is, there are also limits on your deduction based on your adjusted gross income (AGI.) See charts below.

## 2024 IRA Contribution and Deduction Limits (if covered by a company retirement plan)

If Your Filing Status Is...	And Your Modified AGI Is...	Then You Can Take...
<b>single or head of household</b>	\$77,000 or less	a full deduction up to the amount of your contribution limit.
	more than \$77,000 but less than \$87,000	a partial deduction.
	\$87,000 or more	no deduction.
<b>married filing jointly or qualifying widow(er)</b>	\$123,000 or less	a full deduction up to the amount of your contribution limit.
	more than \$123,000 but less than \$143,000	a partial deduction.
	\$143,000 or more	no deduction.
<b>married filing separately</b>	less than \$10,000	a partial deduction.
	\$10,000 or more	no deduction.

If Your Filing Status Is...	And Your Modified AGI Is...	Then You Can Take...
If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.		

## 2024 IRA Contribution and Deduction Limits (if NOT covered by company retirement plan)

If Your Filing Status Is...	And Your Modified AGI Is...	Then You Can Take...
<b>single, head of household, or qualifying widow(er)</b>	any amount	a full deduction up to the amount of your contribution limit.
<b>married filing jointly or separately</b> with a spouse who <b>is not</b> covered by a plan at work	any amount	a full deduction up to the amount of your contribution limit.
<b>married filing jointly</b> with a spouse who <b>is</b> covered by a plan at work	\$230,000 or less	a full deduction up to the amount of your contribution limit.
	more than \$230,000 but less than \$240,000	a partial deduction.
	\$240,000 or more	no deduction.
<b>married filing separately</b> with a spouse who <b>is</b> covered by a plan at work	less than \$10,000	a partial deduction.
	\$10,000 or more	no deduction.
If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.		