



Individual Retirement Accounts

Traditional IRAs

Traditional IRAs

IRA Contribution Limits—2024

Lesser of: Taxable compensation for the year, or:

Under age 50	\$7,000
Age 50 or older	\$8,000

What is an IRA?

An IRA is an individual retirement arrangement. It is a personal savings plan that gives you tax advantages for setting aside money for retirement. An IRA is referred to as a traditional IRA if it is not a Roth IRA, SIMPLE IRA, or SEP IRA.

Traditional IRA tax advantages and rules:

- Contributions to an IRA may be fully or partially deductible.
- Amounts in your IRA (including earnings and gains) are not taxed until distributed.
- There is no limit on how much you can earn and still contribute (however, contributions are not deductible above certain threshold amounts).
- There is no age limit for contributions.
- Required minimum distributions begin after age 73.
- Early distributions (before you are age 59½) are subject to a 10% additional tax. Exceptions apply.
- Distributions are taxed as ordinary income.

Who Can Contribute to an IRA?

Any individual can set up a traditional IRA if he or she receives taxable compensation during the year. An individual can have a traditional IRA even if covered by an employer-sponsored retirement plan. However, the deductible amount of contributions to a traditional IRA may be phased out. See *Reduced IRA Deduction*, later.

Compensation for IRA Purposes

<i>Includes</i>	<i>Does Not Include</i>
<ul style="list-style-type: none"> • Wages, salaries, tips, professional fees, bonuses, and other amounts received for providing personal services. • Commissions. • Self-employment income. • Nontaxable combat pay. • Taxable alimony and separate maintenance payments received. • Taxable scholarship and fellowship payments (if shown in box 1 of Form W-2). 	<ul style="list-style-type: none"> • Earnings and profits from property, such as rental income. • Interest and dividend income. • Pension or annuity income. • Deferred compensation. • Income from certain partnerships. • Conservation Reserve Program (CRP) payments. • Any amounts (other than combat pay) excluded from income.

Contribution limit. Contributions to IRAs are limited to the lesser of the individual's compensation (or spouse's compensation under a spousal IRA), or \$7,000 (\$8,000 for age 50 or older).

Total contributions are combined with Roth IRA contributions to determine limits. For example, a \$1,000 contribution to a Roth IRA will reduce total contributions allowable to a traditional IRA by \$1,000.

Spousal IRA. If both spouses have compensation, each can set up a separate IRA. Spouses cannot participate in the same IRA. However, if MFJ, and one spouse's compensation is less than the contribution limit, the lower-income spouse can use the compensation of the other spouse to qualify as only one spouse needs to have compensation.

Example: Jill is a full-time student under age 50 with no taxable compensation. Her husband, Barry, is under age 50 and has taxable compensation of \$30,000. If they file a joint return, both Barry and Jill can each contribute \$7,000 in 2024 to their own IRAs.



Individual Retirement Accounts Traditional IRAs

Excess contributions. If contributions to your IRA exceed the annual limit and the excess contributions are not withdrawn by the due date of your return (including extensions), you are subject to a 6% excise tax for each year the excess amounts remain in your IRA.

When Can You Make Contributions?

Contributions to an IRA can be made at any time during the year or by the due date of your return for that year (not including extensions). This means that most people can make contributions for 2024 by April 15, 2025.

How Much Can You Deduct?

Generally, you can deduct the lesser of:

- The contributions to your traditional IRA for the year, or
- The general limit (or spousal limit) for the year.

However, if you or your spouse is covered by an employer retirement plan, you may not be able to deduct this amount.

Covered by an employer retirement plan. If you or your spouse was covered by an employer retirement plan at any time during the year for which contributions were made, your deduction may be limited. Limits on the amount you can deduct do not affect the amount that can be contributed. Box 13, Form W-2, will be checked if you are covered.

Reduced IRA Deduction

Subject to whether you or your spouse was covered by an employer retirement plan, you may be entitled to only a reduced (partial) deduction or no deduction at all, depending on your modified adjusted gross income (MAGI) and filing status.

MAGI. MAGI for IRA purposes is your adjusted gross income (AGI) plus any traditional IRA deduction, student loan interest deduction, foreign earned income or housing exclusion, U.S. Savings Bond interest exclusion, or employer-provided adoption benefits exclusion.

2024 IRA Phaseouts—Taxpayer Covered by a Retirement Plan at Work		
Filing Status	MAGI	Deduction Allowable
Single or Head of Household	\$77,000 or less.	A full deduction.
	More than \$77,000 but less than \$87,000.	A partial deduction.
	\$87,000 or more.	No deduction.
Married Filing Jointly or Qualifying Surviving Spouse	\$123,000 or less.	A full deduction.
	More than \$123,000 but less than \$143,000.	A partial deduction.
	\$143,000 or more.	No deduction.
Married Filing Separately (use Single if you did not live with spouse at any time during the year)	Less than \$10,000.	A partial deduction.
	\$10,000 or more.	No deduction.
2024 IRA Phaseouts—Neither Covered by Retirement Plan at Work		
Filing Status	MAGI	Deduction Allowable
Single, Head of Household, or Qualifying Surviving Spouse	Any amount.	A full deduction.
Married Filing Jointly or Married Filing Separately	Any amount.	A full deduction.
2024 IRA Phaseouts—Taxpayer Not Covered, but Spouse Covered by Retirement Plan at Work		
Filing Status	MAGI	Deduction Allowable
Married Filing Jointly	\$230,000 or less.	A full deduction.
	More than \$230,000 but less than \$240,000.	A partial deduction.
	\$240,000 or more.	No deduction.
Married Filing Separately (You are entitled to a full deduction if you did not live with your spouse at any time during the year)	Less than \$10,000.	A partial deduction.
	\$10,000 or more.	No deduction.

Required Minimum Distribution (RMD)

The RMD is the minimum amount that you must withdraw each year upon reaching age 73. You may withdraw more than the minimum required amount. The withdrawals will be included in taxable income except for any part that was already taxed or can be received tax free.

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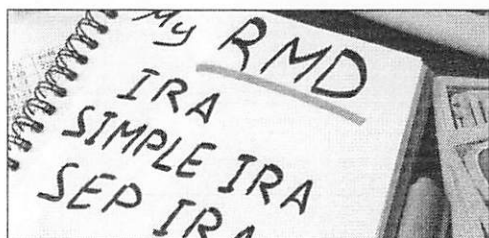
There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 73.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.

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Individual Retirement Accounts Required Minimum Distributions (RMDs) for IRA Owners



Required Minimum Distributions (RMDs)	
IRAs including SEP, SIMPLE and SARSEP IRAs	Defined Contribution Plans (e.g. 401(k), profit-sharing, and 403(b) plans)
When do I take my first RMD (the required beginning date)?	
April 1 of the year following the year in which you turn 73, regardless of whether you are still employed. See <i>Example #1</i> , below.	April 1 of the year following the later of the year you turn 73 or the year you retire (if allowed by your plan). A 5% owner must start RMDs by April 1 of the year following the year you turn 73.
What is the deadline for taking subsequent RMDs after the first RMD?	
After the first RMD, take subsequent RMDs by December 31 of each year beginning with the calendar year containing your required beginning date. See <i>Example #2</i> , later.	Same as IRA rule.
How do I calculate my RMD?	
Your RMD is generally determined by dividing the adjusted market value of your IRAs as of December 31 of the preceding year by the distribution period that corresponds with your age in the Uniform Lifetime Table. See <i>Example #3</i> and <i>Example #4</i> , later. If your spouse is your sole beneficiary and is more than 10 years younger than you, use the Joint Life and Last Survivor Expectancy Table.	Same as IRA rule. Your plan sponsor/administrator should calculate the RMD for you.

Example #1: Your 73rd birthday is June 30, 2024. You must take your first RMD (for 2024) by April 1, 2025.

Required Minimum Distributions (RMDs) continued	
IRAs including SEP, SIMPLE and SARSEP IRAs	Defined Contribution Plans
How should I take my RMDs if I have multiple accounts?	
If you have more than one IRA, calculate the RMD for each IRA separately each year. However, you may aggregate your RMD amounts for all of your IRAs and withdraw the total from one IRA or a portion from each of your IRAs. You do not have to take a separate RMD from each IRA.	If you have more than one defined contribution plan, calculate and satisfy your RMDs separately for each plan and withdraw that amount from that plan. Exception: If you have more than one 403(b) tax-sheltered annuity account, total the RMDs and then take them from any one (or more) of the tax-sheltered annuities.
May I withdraw more than the RMD?	
Yes, an IRA owner can always withdraw more than the RMD. You cannot apply excess withdrawals toward future years' RMDs.	Same as IRA rule.
May I take more than one withdrawal in a year to meet my RMD?	
You may withdraw your annual RMD in any number of distributions throughout the year, as long as you withdraw the total annual minimum amount by December 31 (or April 1 if it is for your first RMD).	Same as IRA rule.
What happens if I do not take the RMD?	
The penalty for taking less than the RMD is 25% of the amount of RMD not distributed. 25% is reduced to 10% if you correct the shortfall within the correction period.	Same as IRA rule.

Example #2: You turn 73 on July 15, 2024. You must take your first RMD, for 2024, by April 1, 2025. You must take your second RMD, for 2025, by December 31, 2025 and your third RMD, for 2026, by December 31, 2026.



Individual Retirement Accounts Required Minimum Distributions (RMDs) for IRA Owners

Uniform Lifetime Table

Use for unmarried participants, married participants whose spouses are not more than 10 years younger, and married participants whose spouses are not the sole beneficiaries of their IRAs. Use actual age of participant on his or her birthday for each year.

Age	Distribution Period	Age	Distribution Period	Age	Distribution Period
72	27.4	80	20.2	88	13.7
73	26.5	81	19.4	89	12.9
74	25.5	82	18.5	90	12.2
75	24.6	83	17.7	91	11.5
76	23.7	84	16.8	92	10.8
77	22.9	85	16.0	93	10.1
78	22.0	86	15.2	94	9.5
79	21.1	87	14.4	95	8.9

For ages not listed in this table, see IRS Pub. 590-B for the complete table.

Example #3: You turn 78 on August 1, 2024. Your IRA adjusted market value was \$440,000 on December 31, 2023. Your distribution period is 22.0 for 2024. Your RMD for 2024 is \$20,000 (\$440,000/22.0).

Example #4: You turn 78 on September 15, 2024, and your spouse turns 49 on June 10, 2024. The adjusted value of your IRA on December 31, 2023 is \$375,000. Your distribution period is 37.5. Your RMD is \$10,000 (\$375,000/37.5).

Joint Life and Last Survivor Expectancy Table

Use for participants whose spouses are more than 10 years younger and are the sole beneficiaries of their IRAs. Use actual age of participant and spouse on their birthdays for each year.

Age	40	41	42	43	44	45	46	47	48	49
72	46.0	45.1	44.2	43.2	42.3	41.4	40.5	39.6	38.7	37.8
73	46.0	45.1	44.1	43.2	42.3	41.4	40.4	39.5	38.6	37.7
74	46.0	45.0	44.1	43.2	42.2	41.3	40.4	39.5	38.6	37.7
75	45.9	45.0	44.1	43.1	42.2	41.3	40.3	39.4	38.5	37.6
76	45.9	45.0	44.0	43.1	42.2	41.2	40.3	39.4	38.5	37.5
77	45.9	45.0	44.0	43.1	42.1	41.2	40.3	39.3	38.4	37.5
78	45.9	44.9	44.0	43.0	42.1	41.2	40.2	39.3	38.4	37.5
79	45.9	44.9	44.0	43.0	42.1	41.1	40.2	39.3	38.3	37.4
80	45.9	44.9	43.9	43.0	42.1	41.1	40.2	39.2	38.3	37.4

Age	50	51	52	53	54	55	56	57	58	59
72	36.9	36.0	35.2	34.3	33.5	32.7	31.9	31.1	30.3	29.5
73	36.8	36.0	35.1	34.2	33.4	32.6	31.7	30.9	30.1	29.4
74	36.8	35.9	35.0	34.1	33.3	32.4	31.6	30.8	30.0	29.2
75	36.7	35.8	34.9	34.1	33.2	32.4	31.5	30.7	29.9	29.1

continued

Joint Life and Last Survivor Expectancy Table continued

Age	50	51	52	53	54	55	56	57	58	59
76	36.6	35.7	34.9	34.0	33.1	32.3	31.4	30.6	29.8	29.0
77	36.6	35.7	34.8	33.9	33.0	32.2	31.3	30.5	29.7	28.8
78	36.5	35.6	34.7	33.9	33.0	32.1	31.2	30.4	29.6	28.7
79	36.5	35.6	34.7	33.8	32.9	32.0	31.2	30.3	29.5	28.7
80	36.5	35.5	34.6	33.7	32.9	32.0	31.1	30.3	29.4	28.6
81	36.4	35.5	34.6	33.7	32.8	31.9	31.1	30.2	29.3	28.5
82	36.4	35.5	34.6	33.7	32.8	31.9	31.0	30.1	29.3	28.4
83	36.4	35.4	34.5	33.6	32.7	31.8	31.0	30.1	29.2	28.4
84	36.3	35.4	34.5	33.6	32.7	31.8	30.9	30.0	29.2	28.3
85	36.3	35.4	34.5	33.6	32.7	31.8	30.9	30.0	29.1	28.3

Age	60	61	62	63	64	65	66	67	68	69
72	28.8	28.1	27.4	26.7	26.0	25.4	24.8	24.2	23.6	23.1
73	28.6	27.9	27.2	26.5	25.8	25.1	24.5	23.9	23.3	22.7
74	28.4	27.7	27.0	26.2	25.5	24.9	24.2	23.6	23.0	22.4
75	28.3	27.5	26.8	26.1	25.3	24.6	24.0	23.3	22.7	22.1
76	28.2	27.4	26.6	25.9	25.2	24.4	23.7	23.1	22.4	21.8
77	28.0	27.3	26.5	25.7	25.0	24.3	23.5	22.9	22.2	21.5
78	27.9	27.1	26.4	25.6	24.8	24.1	23.4	22.7	22.0	21.3
79	27.8	27.0	26.2	25.5	24.7	23.9	23.2	22.5	21.8	21.1
80	27.8	26.9	26.1	25.3	24.6	23.8	23.1	22.3	21.6	20.9
81	27.7	26.9	26.0	25.2	24.5	23.7	22.9	22.2	21.5	20.7
82	27.6	26.8	26.0	25.2	24.4	23.6	22.8	22.1	21.3	20.6
83	27.5	26.7	25.9	25.1	24.3	23.5	22.7	22.0	21.2	20.5
84	27.5	26.7	25.8	25.0	24.2	23.4	22.6	21.9	21.1	20.4
85	27.4	26.6	25.8	25.0	24.1	23.3	22.6	21.8	21.0	20.3

Age	70	71	72	73	74	75
80	20.2	19.6	18.9	18.3	17.7	17.1
81	20.0	19.4	18.7	18.1	17.4	16.9
82	19.9	19.2	18.5	17.9	17.2	16.6
83	19.7	19.0	18.3	17.7	17.0	16.4
84	19.6	18.9	18.2	17.5	16.8	16.2
85	19.5	18.8	18.1	17.4	16.7	16.0

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- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.