



2021 TRADITIONAL IRA INFORMATION

Traditional IRA Definition

A Traditional IRA is one form of an individual retirement arrangement. In most cases, contributions are tax-deductible in the year for which they are made, and money can grow tax deferred until it is withdrawn.

Traditional IRA Contribution Information

- The account or annuity must be designated as a Traditional IRA when it is created.
- Traditional IRA contributions must be made in the IRA owner's name and the Traditional IRA cannot be jointly owned.
- You **can** make contributions for the prior year to a Traditional IRA by the due date (not including extensions) for filing your tax return for that year, provided you timely designate the prior year in writing.
- Your earned income must exceed the amount of your Traditional IRA contribution in any given year.
- If you file a joint tax return and only one spouse works, both spouses can make Traditional IRA contributions as long as the working spouse has enough earned income to cover both contribution amounts.
- You **can** contribute to a Traditional IRA even if you contribute to another retirement plan at work.
- You **can** make contributions to your Traditional IRA at any age, even after you reach age 72.
- The contribution limit to your Traditional IRA is reduced by any contributions you make to a Roth IRA in the same year.

Maximum Traditional IRA and ROTH IRA Contribution Limits for 2021

IRA Contribution Under Age 50	\$6,000	IRA Contribution at Age 50 or Older	\$7,000
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Traditional IRA Deductions for 2021 if You ARE Covered by a Retirement Plan at Work

Tax Filing Status	Average Gross Income	Deduction Amount
Single	\$66,000 or less	Full Deduction Up to Contribution Limit
	\$66,000 - \$76,000	Partial Deduction
	\$76,000 or more	No Deduction
Married, Filing Jointly	\$105,000 or less	Full Deduction Up to Contribution Limit
	\$105,000 - \$125,000	Partial Deduction
	\$125,000 or more	No Deduction

Traditional IRA Deductions for 2021 if You Are NOT Covered by a Retirement Plan at Work

Tax Filing Status	Average Gross Income	Deduction Amount
Single	Any Amount	Full Deduction Up to Contribution Limit
Married Filing Jointly, spouse is not covered	Any Amount	Full Deduction Up to Contribution Limit
Married Filing Jointly, spouse is covered	\$198,000 or less	Full Deduction Up to Contribution Limit
	\$198,000 - \$208,000	Partial Deduction
	\$208,000 or more	No Deduction

Traditional IRA Tax Information

- You may be able to deduct some, or all, of your contributions to your IRA depending on your circumstances.
- A 6% excise tax may apply to any excess contributions. These contributions can be applied to the following year.
- You must begin taking required minimum distributions from your IRA starting at age 72.

Withdrawal & Distribution Information

- All withdrawals taken from a Traditional IRA are fully taxable, unless you have made non-deductible contributions to any Traditional IRA or SEP IRA.
- Withdrawals taken before age 59 ½ may be subject to a 10% federal additional tax as outlined in the *Age 59 ½ Rule in 2018 IRA Publication 590-B*, exceptions may apply. For further details go irs.gov/pub/irs-pdf.1p590b.pdf.

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