

IRA CONTRIBUTIONS

The logo for The Payroll Company (TPC) features the letters 'TPC' in a white, bold, sans-serif font on a dark teal rectangular background.

401(K)

THE PAYROLL COMPANY

Every year, people ask us if there are ways to save money for retirement above and beyond contributing to an employer sponsored retirement plan. For many, establishing a Roth or a Traditional IRA is an effective solution. What's more, If you made or are planning to make a contribution to an individual retirement account this year (2018), you may be able to claim a deduction on your individual federal income tax return for all or part of the amount you contribute.

See below for more information.

ROTH IRAs

Roth IRA contributions aren't tax-deductible, but contributions in a Roth account grow tax-deferred.

Traditional IRAs

- No retirement plan at work: Your deduction is allowed in full if you (and your spouse, if you are married) aren't covered by a retirement plan at work.
- If you have Retirement plan at work such as a 401(k) plan : Your deduction may be limited if you (or your spouse, if you are married) are covered by a retirement plan at work and your income exceeds certain levels.

These charts show the income range in which your deduction may be disallowed if you or your spouse participates in a retirement plan at work in 2018:

If Your Filing Status Is...	And Your Modified AGI Is...	Then You Can Take...
single or head of household	\$63,000 or less	a full deduction up to the amount of your contribution limit.
	more than \$63,000 but less than \$73,000	a partial deduction
	\$73,000 or more	no deduction
married filing jointly or qualifying widow(er)	\$101,000 or less	a full deduction up to the amount of your contribution limit.
	more than \$101,000 but less than \$121,000	a partial deduction
	\$121,000 or more	no deduction
married filing separately	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.

For more information, visit: <https://www.irs.gov/retirement-plans/ira-deduction-limits> or consult with your tax advisor.