Before you can contribute to a Traditional IRA or a Roth IRA, you’ll first need to determine if you are eligible for either. Although the contribution eligibility requirements differ for each, often the decision of which one to contribute to depends on your income.

Follow the flow chart to better understand how your income affects whether you can contribute to a Roth IRA or whether you can deduct your Traditional IRA contribution.

Learn more today.

Focus on Traditional IRAs
IRA owners must have earned income and be under age 70½ to make contributions.

- Contributions may be tax-deductible.
- Earnings grow tax deferred.
- Distributions generally are taxable.
- Distributions before age 59½ are subject to penalty tax, unless an early distribution penalty tax exception applies.
- Required minimum distributions must begin at age 70½.

Focus on Roth IRAs
IRA owners must have earned income below or within the applicable MAGI limits to make contributions.

- Contributions are not tax-deductible.
- Contributions generally can be distributed tax free at any time.
- Earnings grow tax deferred.
- Earnings can be distributed tax free if the Roth IRA owner 1) made a Roth IRA contribution at least five years ago, and 2) is age 59½ or older, disabled, deceased, or qualifies as a first-time homebuyer.
- Distributions are not required until after the Roth IRA owner dies.
Roth IRA Contribution Eligibility vs. Traditional IRA Deduction Eligibility—2018

Note: This information is intended to help you determine your contribution and tax-deduction eligibility for Roth and Traditional IRAs. It is based on the assumption that you are under age 70½ in the year for which the contribution will be made, and should not be used if your tax-filing status is married, filing separately. If you are eligible for a deductible contribution to a Traditional IRA and a contribution to a Roth IRA, further analysis may be needed for you to reasonably project which type of IRA contribution (or combination of IRA contributions) will best meet your retirement objectives. See a competent tax advisor for assistance.

1 MAGI (modified adjusted gross income) is your adjusted gross income before certain deductions or adjustments to income are taken.
2 A full contribution equals 100% of earned income up to $5,500 for 2017 and for 2018 ($6,500 if you are age 50 or older).
3 When your MAGI falls within the defined limits, the maximum amount that you can contribute to your Roth IRA is determined using a specific formula.
4 Whether it makes sense for you to contribute to one type of IRA or to split your maximum contribution between a Roth IRA and Traditional IRA depends upon additional variables, such as your anticipated tax rate at retirement and the age at which you intend to begin withdrawing funds from the IRA.
5 Traditional IRA deductibility is contingent upon whether you or your spouse are considered active participants in an employer-sponsored retirement plan (see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs)).
6 When your MAGI falls within the defined limits, the maximum amount you can deduct is determined using a specific formula.

For More Information

Talk to us—we’ll be glad to provide you with more information about Roth IRAs and Traditional IRAs.