

## IRS TAX TIP 2004-25

### ROTH IRA CONTRIBUTIONS

Confused about whether you can contribute to a Roth IRA? The IRS suggests checking these simple rules:

#### **Income:**

To contribute to a Roth IRA, you must have compensation (e.g., wages, salary, tips, professional fees, bonuses). Your modified adjusted gross income must be less than:

\$160,000	Married Filing Jointly.
\$10,000	Married Filing Separately (and you lived with your spouse at any time during the year).
\$110,000	Single, Head of Household, or Married Filing Separately (and you did not live with your spouse during the year).

#### **Age:**

There is no age limitation for Roth IRA contributions. Unlike traditional IRAs, you can be any age and still qualify to contribute to a Roth IRA.

#### **Contribution Limits:**

In general, if your only IRA is a Roth IRA, the maximum 2003 contribution limit is the lesser of your taxable compensation or \$3,000 (\$3,500 for those age 50 or over).

The maximum contribution limit phases out if your modified adjusted gross income is within these limits:

\$150,000 - \$160,000	Married Filing Jointly
\$0 - \$10,000	Married Filing Separately (and you lived with your spouse at any time during the year)
\$95,000 - \$110,000	Single, Head of Household, or Married Filing Separately (and you did not live with your spouse)

#### **Contributions to Spousal Roth IRA:**

You can make contributions to a Roth IRA for your spouse provided you meet the income requirements.

#### **When to Make Contributions?**

Contributions to a Roth IRA can be made at any time during the year or by the due date of your return for that year (not including extensions).

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For complete information and definitions of terms, get Publication 590, "Individual Retirement Arrangements." Visit the IRS Web site at *IRS.gov*, or call 1-800-TAX-FORM (1-800-829-3676) to request a free copy of the publication.

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