Sample article for organizations and employers to use to reach customers (596 word count)

Customize and provide the following article in your communication vehicles for your audience.

Use individual retirement accounts to save for retirement

You're taking the right steps to help secure your retirement future with an IRA and following the rules helps you maximize your retirement savings.

Contribution Limits

For 2015, you may be able to contribute to a traditional or Roth IRA. Your total contribution cannot be more than:

- $5,500 ($6,500 if you are age 50 or older) or
- your taxable compensation for the year, if your compensation was less than this dollar limit.

There are other rules that may limit or eliminate your ability to contribute to a traditional or Roth IRA, including income, filing status and the amount of your taxable compensation. You may contribute to a Roth IRA for as long as you want, as long as you continue to receive compensation. If you are age 70½ or older, you may not contribute to a traditional IRA at all.

Your traditional IRA contributions may be tax-deductible. The deduction may be limited based on whether you or your spouse is covered by an employer retirement plan and if your income is above certain levels.

Tax on excess IRA contributions

An excess IRA contribution occurs if you:

- contribute more than the contribution limit,
- make a regular IRA contribution to a traditional IRA at 70½ or older or
- make an improper rollover contribution to an IRA.

Excess contributions are taxed at 6 percent per year as long as the excess amounts remain in the IRA. The additional tax can't be more than 6 percent of the combined value of all your IRAs at the end of the tax year.

To avoid the additional tax, you should withdraw the excess contributions from your IRA by the due date of your individual income tax return (including extensions) and withdraw any income earned on the excess contribution.

If you must pay the additional tax, use Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts. For information on filing Form 5329, see *Reporting Additional Taxes*.

If you have to make a payment for Form 5329, use IRS Direct Pay — It's fast and free.

Generally, you must include all withdrawals from your traditional IRA in your gross income. See Publication 590-A, Contributions to Individual Retirement Accounts, for certain conditions that may allow you to avoid including withdrawals of excess contributions in your gross income.

Required minimum distributions

Generally, you must make withdrawals from a traditional, Simplified Employee Pension plan or Savings Incentive Match Plan for Employees IRA by April 1, of the year following your 70½ birthday. If you do not take your required withdrawal, you may have to pay a 50 percent additional tax; however, you can request a waiver of the tax if you did not take your required withdrawal. Roth IRAs do not require withdrawals until after the death of the owner.

For more information, read **Publication 590-A**, **Publication 590-B**, Distributions from Individual Retirement Arrangements (IRAs), and **Publication 560**, Retirement Plans for Small Business (SEP, SIMPLE and Qualified Plans), at IRS.gov.

NOTE TO EDITOR: Below are helpful resources on IRA topics.

IRS.gov

- Publication 590-A Contributions to Individual Retirement Arrangements (pdf)
- Publication 590-B Distributions from Individual Retirement Arrangements (pdf)
- Publication 560, Retirement Plans for Small Business (SEP, SIMPLE and Qualified Plans) (pdf)
- Retirement Topics - IRA Contribution Limits
- Retirement Topics - Required Minimum Distributions (RMDs)
- Instructions for Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and other tax favored accounts