

Sample article for organizations and employers to use to reach customers

Customize and provide the following article in your communication vehicles about Individual Retirement Accounts.

Year-End Check-up for IRA Owners

Whether you are still working or retired, you should review your individual retirement accounts at least once a year. Here are some things to think about before the end of the year.

Contributions

- **Limits**

If you're still working, review the [2010 IRA contribution and deduction limits](#) to make sure you are taking full advantage of the opportunity to save for your retirement. Remember, you can make 2010 IRA contributions until April 18, 2011.

- **Excess Contributions**

If you have exceeded the 2010 IRA contribution limit, you may withdraw excess contributions from your account by the due date of your tax return (including extensions). Otherwise, you must pay a 6% tax each year on the excess amounts left in your account.

Rollovers and Conversions to Roth IRAs

Beginning this year, you can roll over or convert amounts from your traditional IRA into a Roth IRA regardless of your income. Moving pre-tax money typically held in traditional IRAs to a Roth IRA, which can only hold after-tax amounts, results in taxable income for the IRA owner. The default method for reporting rollovers or conversions to a Roth IRA in 2010 is reporting half of the [taxable amount](#) in your gross income in 2011 and half in 2012. However, you can elect to include the entire amount as gross income on your 2010 income tax return. You cannot change your election after the due date for your 2010 income tax return.

Required Minimum Distributions (RMDs)

Even though you did not have to take [RMDs](#) from your IRAs in 2009, if you are age 70 ½ or older this year, you must take a 2010 RMD by December 31, 2010 (April 1, 2011, if you turned 70 ½ in 2010). You can calculate the amount of your RMDs from an IRA by using the [RMD worksheets](#). An IRA owner must calculate the RMD separately for each IRA that he or she owns other than any Roth IRAs, but can withdraw the total amount from one or more of the non-Roth IRAs. Remember that you face a 50% excise tax on any amount of an RMD that you fail to take on time.

NOTE TO EDITOR: Below are helpful resources on retirement topics found on [IRS.gov](#).

- [IRA Resources](#) – Information for IRA owners including contribution and deduction limits, required minimum distribution worksheets, types of distributions, rollovers and more.
- [Retirement Plans FAQs Regarding IRAs](#) – explain various IRA rules and requirements including those related to 2010 rollovers and conversions to a Roth IRA
- [Retirement Plans FAQs regarding Required Minimum Distributions](#) – explain the various RMD rules and requirements.
- [Publication 590, Individual Retirement Arrangements \(IRAs\)](#) – explains different types of IRA, contribution and deduction rules, tax on IRA distributions and more.
- [Publication 17, Your Federal Income Tax](#) – covering general rules for filing a federal income tax return.