



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

October 19, 2016

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The Honorable Vicky Hartzler  
Member, U.S. House of Representatives  
2415 Carter Lane, Suite 4  
Columbia, MO 65201

Attention:

Dear Representative Hartzler:

I apologize for the delay in responding to your inquiry dated May 11, 2016, on behalf of your constituent, . asked why individuals must have compensation in order to contribute to a traditional or Roth individual retirement arrangement (IRA).

An individual with compensation for a year can contribute to a traditional IRA, as described in section 408 of the Internal Revenue Code, or a Roth IRA, as described in section 408A of the Code. Allowing individuals with no compensation to contribute to a traditional or Roth IRA would require legislative action.

Compensation, defined in section 219(f)(1) of the Code, includes:

- Wages
- Commissions
- Professional fees
- Tips and other amounts received for personal services
- Taxable alimony and separate maintenance payments received under a decree of divorce or separate maintenance

Compensation also includes earned income for self-employed individuals, as defined in section 401(c)(2), and differential wage payments, as defined in section 3401(h)(2).

I am sorry my response is not favorable, but I hope this information is helpful. If you have questions, please contact \_\_\_\_\_ or me at \_\_\_\_\_.

Sincerely,

Neil Sandhu  
Senior Technician Reviewer  
Qualified Plans Branch 1  
(Employee Benefits)  
(Tax Exempt and Government Entities)