

## Roth IRAs at a Glance

### Tax Implications of Roth IRA Contributions and Distributions

Contributions	Earnings	Distributions
<ul style="list-style-type: none"><li>• Not deductible</li><li>• May qualify for tax credit</li></ul>	<ul style="list-style-type: none"><li>• Tax -deferred</li></ul>	<ul style="list-style-type: none"><li>• Tax free qualified distributions</li><li>• Nonqualified distributions may be tax free</li></ul>

### Roth Regular and Spousal Contributions

	Roth IRA Rules
<b>Eligibility</b>	<ul style="list-style-type: none"><li>• Must have taxable compensation</li><li>• Modified adjusted gross income (MAGI) must be within prescribed limits (See chart on next page*)</li></ul>
<b>Limits (2024)</b>	<b>Single filer</b> Lesser of <ul style="list-style-type: none"><li>• \$7,000 (\$8,000 if age 50 or older in the year of contribution), or</li><li>• the individual's taxable compensation for the year.</li></ul> <b>Married individual filing a joint return</b> Lesser of <ul style="list-style-type: none"><li>• \$7,000 (\$8,000 if age 50 or older in the year of contribution), or</li><li>• the married couple's taxable compensation for the year minus any regular/spousal contributions (Traditional and/or Roth) for the year made for their spouse.</li></ul>
<b>Funding Deadline</b>	<b>Tax return due date not including extensions</b> The deadline for making Traditional and Roth IRA contributions for tax year 2024 is Tuesday, April 15, 2025.



## \* Roth IRA Contribution MAGI Phase-Out Ranges – 2024 and 2025

Single Individuals	\$146,000 - \$161,000 (2024) \$150,000 - \$165,000 (2025)
Married, Filing a Joint Federal Income Tax Return	\$230,000 - \$240,000 (2024) \$236,000 - \$246,000 (2025)
Married, Filing a Separate Income Tax Return	\$0 - \$10,000 (2024 and 2025)

## Qualified Roth IRA Distribution

Distributions from Roth IRAs are considered qualified distributions and are tax- and penalty-free to the Roth IRA owner/beneficiary if they meet BOTH of the following **two** requirements:

1. Satisfies a 5-year period, AND
2. The IRA owner attains age 59½, is disabled, has died, or meets a qualified first-time homebuyer distribution exception

## Nonqualified Roth IRA Distribution

Distributions that do not meet the requirements of a qualified distribution are subject to possible taxes and penalties as illustrated on the chart below. The ordering rules state that an individual's first distributions consist of contributory assets, if any. When all contributory assets have been distributed, future distributions consist of conversion assets, if any; and when all conversion assets are exhausted, future distributions are from the Roth IRA owner's earnings.

<b>Roth Basis</b>  (Includes regular contributions, certain amounts rolled over from a designated Roth account in an employer plan, and certain other rollover dollars)	<b>Take it and go!</b> No taxes or penalties apply
<b>Conversion Contributions &amp; Rollover Contributions of Traditional Employer Plan Assets</b>	<b>Caution!</b> No taxes apply, but a penalty MAY apply
<b>Earnings</b>	<b>Take it and pay!</b> Taxes WILL apply and early distribution penalty tax MAY apply

