

IRA Funding

	Traditional	Roth
Eligibility	<ul style="list-style-type: none"> Must have taxable compensation Has not attained 70½ year 	<ul style="list-style-type: none"> Must have taxable compensation Modified adjusted gross income (MAGI) must be within prescribed limits (See chart below*)
Limits	<p>Single filer Lesser of</p> <ul style="list-style-type: none"> \$5,000 (\$6,000 if age 50 or older in the year of contribution), or the individual's taxable compensation for the year. <p>Married individual filing a joint return Lesser of</p> <ul style="list-style-type: none"> \$5,000 (\$6,000 if age 50 or older in the year of contribution), or the married couple's taxable compensation for the year minus any regular/spousal contributions (Traditional and/or Roth) for the year made for his/her spouse. 	
Funding Deadline	Tax return due date not including extensions	

* Roth IRA Contribution MAGI Phase-Out Ranges	2010	2011
Single Individuals	\$105,000 - \$120,000	\$107,000 - \$122,000
Married, Filing a Joint Federal Income Tax Return	\$167,000 - \$177,000	\$169,000 - \$179,000
Married, Filing a Separate Income Tax Return	\$0 - \$10,000	\$0 - \$10,000

Calculating a Phase-Out Amount

If an IRA owner's MAGI falls within the Roth IRA Contribution phase-out ranges, he or she is only entitled to a partial Roth IRA contribution. The partial contribution can be calculated using the following formula

$$\frac{(\text{Upper MAGI threshold} - \text{actual MAGI})}{\text{Maximum} - \text{minimum MAGI thresholds}} \times \text{Maximum contribution amount for the year (including catch-up contribution, if age eligible)} = \text{Maximum Roth IRA Contribution}$$

Example: Jim, who is age 56, is married filing a joint federal I income tax return. He and his wife Mary have \$174,000 MAGI in 2011. Jim's reduced contribution amount would be figured as follows:

$$\frac{(\$179,000 - \$174,000)}{\$179,000 - \$169,000} \times \$6,000 = \$3,000$$

The instructions are included <http://www.irs.gov/pub/irs-pdf/p590.pdf>



☐ CORRECTED (if checked)

TRUSTEE'S or ISSUER'S name, street address, city, state, and ZIP code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)		OMB No. 1545-0747		IRA Contribution Information 2011 Form 5498
		\$				
		2 Rollover contributions		\$		
TRUSTEE'S or ISSUER'S federal identification no.		3 Roth IRA conversion amount		4 Recharacterized contributions		Copy B For Participant
		\$		\$		
PARTICIPANT'S social security number		5 Fair market value of account		6 Life insurance cost included in box 1		This information is being furnished to the Internal Revenue Service.
\$		\$		\$		
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>				
		8 SEP contributions		9 SIMPLE contributions		
Street address (including apt. no.)		10 Roth IRA contributions		11 If checked, required minimum distribution for 2011. <input type="checkbox"/>		
		\$				
City, state, and ZIP code		12a RMD date		12b RMD amount		
		\$		\$		
		13a Postponed contribution		13b Year		
		\$		13c Code		
Account number (see instructions)		14a Repayments		14b Code		
		\$				

Form 5498 (keep for your records) Department of the Treasury - Internal Revenue Service



Notes:

