

## Why the Numbers Are Different - IRA Contribution Deduction

Your IRA contribution amount includes:

- Contributions you made to **traditional IRAs**
- Contributions you made to **Roth IRAs**

Your IRA contribution amount does **not** include:

- **Rollovers** you made to traditional IRAs
- **Recharacterizations** you made to move money from a traditional IRA to a Roth IRA

Here's why you might not get the **full amount** of your IRA contribution deduction:

- **You entered contributions to Roth IRAs.**

The only contributions allowed for the **IRA contribution deduction** are contributions to traditional IRAs. If you contributed to Roth IRAs, they will be included in the IRA contribution amount but not in the deduction you get.

- **There is a cap of \$5,000.**

The **maximum** amount you can deduct for yourself is **\$5,000**. You can also deduct **\$5,000 for your spouse**, if you are married filing jointly.

If you are **50 or older**, the maximum amount is **\$6,000**. If you are married filing jointly, the maximum is **\$11,000** if only **one** of you is age 50 or older, **\$12,000** if **both** of you are.

- **You are covered by a retirement plan at work.**

If you (or your spouse, if filing a joint return) are covered by a retirement plan at work, you might be able to deduct all, part, or none of your IRA contributions. To find out how much you can deduct, see [Do I qualify for the IRA contribution deduction](#).

- **You did not earn enough income.**

You must have **earned at least \$5,000** in income to get the full deduction, or \$10,000 if you are married filing jointly. If you earned less than \$5,000, you still get a deduction, but only for the amount of income you earned.

**Example:** You have \$3,500 in earned income and you contributed \$5,000 to your traditional IRA. Your IRA contribution deduction is \$3,500, which is equal to the income you earned. You have an excess contribution of \$1,500, subject to a 6% penalty.

**TurboTip:** On your printed return, look for the IRA contribution deduction on your 1040 form, in the **Adjusted Gross Income** section.

## Do I qualify for the IRA contribution deduction?

You may qualify for the IRA deduction if you made a **regular contribution** to a traditional IRA that is **not a rollover** contribution. A rollover is when you **transfer** funds from one IRA to another, or from a tax-deferred plan, such as a 401(k) plan, to an IRA.

**TurboTip:** The IRA contribution deduction is an above-the-line deduction and directly reduces your adjusted gross income (AGI). If you have a high income, this might allow you to qualify for other deductions and credits that you normally wouldn't get based on your income. You also **don't have to itemize your deductions** on Schedule A to take this deduction.

### **Eligibility requirements**

- You must be under age 70 1/2 at the end of the year.
- You (or your spouse, if filing a joint return) must have **earned income**, such as **wage, salary, or self-employment earnings**.

### **Limitations of the IRA contribution**

- You must have earned income equal to or greater than the amount of your contribution.
- You can contribute a maximum contribution of \$5,000 (\$6,000 if you're age 50 or older). If you're married filing jointly, you can **each** contribute the maximum (even if only one of you works), as long as your combined compensation is at least \$10,000 (\$11,000 if only **one** of you is age 50 or older, \$12,000 if **both** of you are).

### **Limitations of the IRA deduction**

- You can deduct all of your contribution if you (and your spouse, if filing a joint return) are **not covered by a retirement plan at work**
- If you (or your spouse, if filing a joint return) **are** covered by a retirement plan at work, you might be able to deduct all of your

contribution, only part of it, or none of it, depending on your modified adjusted gross income (MAGI) and your filing status.

#### **Income limits for deducting your IRA contribution**

TurboTax automatically calculates your IRA contribution deduction for you based on your income, and tells you how much your deduction is in the Federal Review section of the Interview.

#### **If you are covered by a retirement plan at work, here are the income limits:**

If you are **single** or **head of household**:

- You can deduct **all** of your IRA contribution if your modified adjusted gross income (MAGI) is **\$56,000 or less**.
- You can deduct **part** of your IRA contribution if your MAGI is **\$56,001 to \$65,999**.
- You cannot deduct **any** of your IRA contribution if your MAGI is **\$66,000 or more**.

If you are **married filing jointly** or a **qualified widow(er)**:

- You can deduct **all** of your IRA contribution if your modified adjusted gross income (MAGI) is **\$89,000 or less**.
- You can deduct **part** of your IRA contribution if your MAGI is **\$89,001 to \$108,999**.
- You cannot deduct **any** of your IRA contribution if your MAGI is **\$109,000 or more**.

If you are **married filing separately** and **lived with your spouse**:

- You can deduct **part** of your IRA contribution if your MAGI is **less than \$10,000**.
- You cannot deduct **any** of your IRA contribution if your MAGI is **\$10,000 or more**.

If you are **married filing separately** and **did not live with your spouse**:

- The limits are the same as for **single** filing status, above.

#### **If you are not covered by a retirement plan at work but your spouse is, here are the income limits:**

If you are **married filing jointly**:

- You can deduct **all** of your IRA contribution if your modified adjusted gross income (MAGI) is **\$167,000 or less**.
- You can deduct **part** of your IRA contribution if your MAGI is **\$167,001 to \$176,999**.
- You cannot deduct any of your IRA contribution if your MAGI is **\$177,000 or more**.

If you are **married filing separately** and **lived with your spouse**:

- You can deduct **part** of your IRA contribution if your MAGI is **less than \$10,000**.
- You cannot deduct **any** of your IRA contribution if your MAGI is **\$10,000 or more**.

If you are **married filing separately** and **did not live with your spouse**:

- The limits are the same as for **single** filing status, above.

**<http://www.irs.gov/pub/irs-pdf/p590.pdf>**