



Individual Retirement Accounts

Roth IRAs

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Roth IRAs

Roth IRA Contribution Limits—2023

Lesser of: Taxable compensation for the year, or:

Under age 50	\$6,500
Age 50 or older	\$7,500

What is a Roth IRA?

A Roth IRA is an individual retirement arrangement. It is a personal savings plan that gives you tax advantages for setting aside money for retirement. An account must be designated as a Roth IRA when opened.

Roth IRA tax advantages and rules compared to a traditional IRA:

- Contributions are not deductible. Being covered by an employer retirement plan is irrelevant.
- If certain requirements are satisfied for qualified distributions, distributions are tax free.
- Can withdraw contributions any time for any reason without owing taxes or penalties.
- The required minimum distribution (RMD) rules do not apply. Distributions are not required until death of the participant.
- Contributions are not allowed when modified adjusted gross income (MAGI) is above certain limits.
- Neither a SEP IRA nor a SIMPLE IRA can be set up as a Roth IRA.

Who Can Contribute to a Roth IRA?

Generally, you can contribute to a Roth IRA if you have taxable compensation and income less than the top of the phaseout range for your filing status, see *Roth IRA Phaseouts* chart, below.

Roth IRA Phaseouts—2023

Filing Status	MAGI	Contribution Limit
Single, Head of Household, or Married Filing Separately (lived apart from spouse all year)	Less than \$138,000.	Up to \$6,500 (\$7,500, age 50 and older).
	At least \$138,000, but less than \$153,000.	Contribution limit reduced.*
	\$153,000 or more.	Cannot contribute to Roth IRA.
Married Filing Jointly or Qualifying Surviving Spouse	Less than \$218,000.	Up to \$6,500 (\$7,500, age 50 and older).
	At least \$218,000, but less than \$228,000.	Contribution limit reduced.*
	\$228,000 or more.	Cannot contribute to Roth IRA.
Married Filing Separately (lived with spouse at any time during the year)	Zero.	Up to \$6,500 (\$7,500, age 50 and older).
	More than zero, but less than \$10,000.	Contribution limit reduced.*
	\$10,000 or more.	Cannot contribution to Roth IRA.

*To calculate reduced contribution limit:
1) Subtract the lower limit of the phaseout range from MAGI.
2) Divide result by \$10,000 (MFJ and MFS, lived with spouse) or \$15,000 (all others).
3) Multiply result by maximum contribution amount.
4) Subtract the result from the maximum contribution limit.

Example: Bob, age 35, Single, \$140,000 MAGI:
1) \$140,000 – \$138,000 = \$2,000.
2) \$2,000/\$15,000 = 0.133.
3) 0.133 × \$6,500 = \$865.
4) \$6,500 – \$865 = \$5,635 (Bob's maximum contribution limit).

Compensation. Compensation includes wages, salaries, tips, professional fees, bonuses, and other amounts received for providing personal services. It also includes commissions, self-employment income, nontaxable combat pay, military differential pay, and taxable alimony and separate maintenance payments.