# 2015 IRA Deadlines Are Approaching

*Here is what you need to know.*

Provided by Benedict A. Mitchell Jr.

Financially, many of us associate April with taxes – but we should also associate April with important IRA deadlines.

***April 1** is the absolute deadline to take your first Required Mandatory Distribution (RMD) from your traditional IRA(s).
***April 15** is the deadline for making annual contributions to a traditional or Roth IRA.[1]

Let's discuss the contribution deadline first, and then the deadline for that first RMD (which affects only those IRA owners who turned 70½ last year).

**The earlier you make your annual IRA contribution, the better.** You can make a yearly Roth or traditional IRA contribution anytime between January 1 of the current year and April 15 of the next year. So the contribution window for 2014 is January 1, 2014- April 15, 2015. You can make your IRA contribution for 2015 anytime from January 1, 2015-April 15, 2016.[2]

You have more than 15 months to make your IRA contribution for a given year, but why wait? Savvy IRA owners contribute as early as they can to give those dollars more months to grow and compound. (After all, who wants less time to amass retirement savings?)

**You cut your income tax bill by contributing to a deductible traditional IRA.** That's because you are funding it with after-tax dollars. To get the full tax deduction for your 2015 traditional IRA contribution, you have to meet one or more of these financial conditions:

*You aren't eligible to participate in a workplace retirement plan.
*You are eligible to participate in a workplace retirement plan, but you are a single filer or head of household with modified adjusted gross income of $61,000 or less. (Or if you file jointly with your spouse, your combined MAGI is $98,000 or less.)
*You aren't eligible to participate in a workplace retirement plan, but your spouse is eligible and your combined 2015 gross income is $183,000 or less.[3]

If you are the original owner of a traditional IRA, by law you must stop contributing to it starting in the year you turn 70½. If you are the initial owner of a Roth IRA, you can contribute to it as long as you live provided you have taxable compensation and MAGI below a certain level (see below).[1,3]

**If you are making a 2014 IRA contribution in early 2015, be aware of this fact.** You must tell the investment company hosting the IRA account what year the contribution is for. If you fail to indicate the tax year that the contribution applies to, the custodian firm may make a default assumption that the contribution is for the current year (and note exactly that to the IRS).[4]

So, write "2015 IRA contribution" or "2014 IRA contribution" as applicable in the memo area of your check, plainly and simply. Be sure to write your account number on the check. Should you make your contribution electronically, double-check that these details are communicated.

**How much can you put into an IRA this year?** You can contribute up to $5,500 to a Roth or traditional IRA for the 2015 tax year, $6,500 if you will be 50 or older this year. (The same applies for the 2014 tax year). If you have multiple IRAs, you can contribute up to a total of $5,500/$6,500 across the various accounts. Should you make an IRA contribution exceeding these limits, you will not be rewarded for it: you will have until the following April 15 to correct the contribution with the help of an IRS form, and if you don't, the amount of the excess contribution will be taxed at 6% each year the correction is avoided.[1,4]

If you earn a lot of money, your maximum contribution to a Roth IRA may be reduced because of MAGI phase-outs, which kick in as follows.[3]

| *2014 Tax Year* | *2015 Tax Year* |
|---|---|
| Single/head of household: $114,000 - $129,000 | Single/head of household: $116,000 - $131,000 |
| Married filing jointly: $181,000 - $191,000 | Married filing jointly: $183,000 - $193,000 |
| Married filing separately: $0 - $10,000 | Married filing jointly: $0 - $10,000 |

If your MAGI falls within the applicable phase-out range, you may make a partial contribution.[3]

**A last-chance RMD deadline rolls around on April 1.** If you turned 70½ in 2014, the IRS gave you a choice: you could a) take your first Required Minimum Distribution from your traditional IRA before December 31, 2014, or b) postpone it until as late as April 1, 2015.[1]

If you chose b), you will have to take two RMDs this year – one by April 1, 2014 and another by December 31, 2014. (For subsequent years, your annual RMD deadline will be December 31.) The investment firm hosting your IRA should have already notified you of this consequence, and the RMD amount(s) – in fact, they have probably calculated the RMD(s) for you.[5]

Original owners of Roth IRAs will never face this issue – they are not required to take RMDs.[1]

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**Citations.**

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