

Traditional IRA

To contribute to a Traditional IRA, an IRA owner must have eligible compensation or file jointly with a spouse who has eligible compensation.

Before 2020, Traditional IRA owners could not make contributions beginning with the year they reached age 70 ½. But effective for 2020 and later taxable years, individuals with eligible compensation can make Traditional IRA contributions at any age.

Roth IRA

To contribute to a Roth IRA, an IRA owner must have eligible compensation or file jointly with a spouse who has eligible compensation. In addition, Roth IRA owners' modified adjusted gross income (MAGI) must fall within certain limits.

MAGI is determined according to IRS guidelines. Determining the MAGI is not the responsibility of DFCU; it is the IRA owner's responsibility. Please refer to the IRS website at **www.irs.gov**.

<u>Eligible Compensation</u>	<u>Non-Eligible Compensation</u>
Wages	Taxable alimony
Salaries	Interest
Tips	Royalties
Bonuses	Dividends
Professional fees	Rental income
Combat pay	Unemployment Compensation
Certain stipends	Disability pay
Fellowship and similar payments to graduate students	Child support
	Separation and early retirement
	AFDC (Aid to families w/dependent children)
	TANF (Temporary assistance to needy families)

Traditional IRA Contribution Limits 2024	Roth IRA Contribution Limits 2024
\$7,000.00 Age 50 or older \$8,000.00	Based on MAGI (Modified Adjusted Gross Income) Refer to www.IRS.gov

Transfers

Transfers between IRAs of the same type have:

- No dollar limits
- No time limits
- No age limits
- No income requirements

In addition, an IRA owner may perform an unlimited number of transfers in any tax year. Because no distribution to the IRA owner occurs, transfers are not reported to the IRS.

Rollover

A rollover is a transaction in which assets from one IRA are withdrawn by the IRA owner and redeposited into the same IRA or another IRA of the same type within 60 days.

- No dollar limits
- No age limits
- No income requirements

*Note: during the rollover process, the IRA owner has possession of the assets. Rollover will be reported to the IRS. *

60-day rule

60-day time limit is commonly known as the 60-day rule. The 60-day rule is determined using calendar days.

One per 12-month rule

In addition to the 60-day rule, IRA rollovers are subject to the one per 12-month rule. As of January 1, 2015, IRA owners can rollover only one distribution per year no matter how many IRAs they have.

RMDs (required minimum distribution)

Before 2020, Traditional IRA owners aged 70 ½ and older were required to take an annual RMD. Effective for 2020 and later taxable years, the age when an RMD must begin increased from age 70 ½ to 72 (73 if the owner reaches 72 after December 31, 2022).

DFCU staff cannot answer tax-related questions. For tax questions, please speak with your tax advisor or visit the IRS website at **www.irs.gov**.