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## 2012 IRA Rules & Limits

	Roth	Traditional
<b>Eligibility &amp; Tax Advantages</b>		
Who is eligible?	<ul style="list-style-type: none"> <li>An individual with earned income or W-2 compensation</li> <li>No age restrictions</li> <li>Adjusted gross income (AGI) within IRS limits</li> </ul>	<ul style="list-style-type: none"> <li>An individual with earned income or W-2 compensation</li> <li>Under age 70 ½</li> <li>No AGI limit for contributions; AGI limits apply for tax deductibility</li> </ul>
Can a non-working spouse open this type of IRA?	<ul style="list-style-type: none"> <li>Yes, if the couple files a joint federal income tax return and if combined contributions do not exceed \$10,000 (\$5,000 each) or \$12,000 (\$6,000 each) if age 50 or older</li> </ul>	
Are contributions tax deductible?	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>Yes, subject to retirement plan participation status and AGI</li> <li>Non-working spouses and spouses not covered by an employer-sponsored plan have a higher deductible AGI limit</li> </ul>
Federal tax advantages	<ul style="list-style-type: none"> <li>Tax-free growth</li> </ul>	<ul style="list-style-type: none"> <li>Tax-deferred growth</li> </ul>
<b>Contribution Restrictions</b>		
	<b>2012</b>	
Income limits for contributions & deductibility	<u>Single filers</u> <ul style="list-style-type: none"> <li>Full Contribution - Up to \$110,000</li> <li>Partial Contribution - \$110,000 - \$125,000</li> <li>Not Eligible - More than \$125,000</li> </ul>	<u>Full deductibility AGI limits</u> <ul style="list-style-type: none"> <li>\$58,000 or less (single)</li> <li>\$92,000 or less (joint)</li> </ul>
	<u>Joint filers</u> <ul style="list-style-type: none"> <li>Full Contribution - Up to \$173,000</li> <li>Partial Contribution - \$173,000 - \$183,000</li> <li>Not Eligible - More than \$183,000</li> </ul>	<u>Partial deductibility AGI limits</u> <ul style="list-style-type: none"> <li>Up to \$68,000 (single) and \$112,000 (joint)</li> </ul> <u>Spouse who is not covered by an employer-sponsored plan</u> <ul style="list-style-type: none"> <li>Full deductibility for AGI less than \$173,000</li> <li>Partial deductibility for AGI up to \$183,000</li> </ul>
Maximum annual contribution	<ul style="list-style-type: none"> <li>\$5,000 or 100% of employment compensation, whichever is less (no change from 2011)</li> </ul>	
Catch up contributions	<ul style="list-style-type: none"> <li>Individuals 50 years or older (in the calendar year of their contribution) can contribute an additional \$1,000 (no change from 2011)</li> </ul>	
Contribution deadline	<ul style="list-style-type: none"> <li>April 15 of the following year for any given tax year</li> </ul>	
Roth IRA conversion rules	<ul style="list-style-type: none"> <li>No AGI limit; Tax liability due in year of conversion</li> </ul>	
Withdrawal penalties	<ul style="list-style-type: none"> <li><i>Contributions</i> can be withdrawn at any time without penalty</li> <li>Penalty-free <i>withdrawals that include investment gain</i> are restricted to: age 59½, death, disability, or qualified first-time home purchase <u>and</u> accounts that have aged 5 years or more</li> </ul>	<ul style="list-style-type: none"> <li>Withdrawals prior to age 59½ may be subject to a 10% penalty</li> </ul>
Withdrawals for special purposes	Penalty-free withdrawals for both Roth and Traditional IRAs include but are not limited to: <ul style="list-style-type: none"> <li>Qualified higher education expenses;</li> <li>Qualified first home purchase (lifetime limit of \$10,000);</li> <li>Certain major medical expenses;</li> <li>Certain long-term unemployment expenses;</li> <li>Disability; and</li> <li>Substantially equal periodic payments</li> </ul>	
Mandatory withdrawal age	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>Withdrawals must begin after age 70½ based on required minimum distribution rules</li> </ul>