



2025 IRA information

Contributions

Lesser of \$7,000 or 100% of compensation
Lesser of \$8,000 or 100% of compensation if age 50 or older

- Compensation includes wages, bonuses, tips, commissions, and self-employment income
- If file joint return, only working spouse must have compensation to cover contributions to individual and spousal IRA
- No age requirement or limit
- Contributions may be made until April 15

Traditional IRA		Roth IRA	
If actively participate in employer-sponsored retirement plan, deductibility depends on MAGI		Eligibility to contribute depends on MAGI	
Single/head of household	\$79,000-\$89,000	Single/head of household	\$150,000-\$165,000
Married filing jointly	\$126,000-\$146,000	Married filing jointly	\$236,000-\$246,000
Married filing separately	\$0-\$10,000	Married filing separately	\$0-\$10,000
Non-covered spouse with covered participant spouse	\$236,000-\$246,000		
Contributions may be deductible, partially deductible, or nondeductible		Contributions are after-tax	
Earnings grow tax-deferred		Earnings grow potentially tax-free	

Taxation of Distributions

Traditional IRA	Roth IRA
If all contributions were deductible, distributions are fully taxable as ordinary income	Qualified distributions are received tax- and penalty-free. To be qualified: distribution must (1) occur at least five years after first contribution made to any Roth IRA, and (2) occur after age 59 1/2, disability, or death OR as first-time homebuyer distribution (lifetime limit of \$10,000)
If deductible and nondeductible contributions have been made, distributions are taxed as ordinary income on a pro rata basis according to the following formula: $\frac{\text{Unrecovered Nondeductible Contributions}}{\text{Total IRA Account Balance + Distribution Amount + Outstanding Rollovers}} \times \text{Distribution Amount}$	Nonqualified distributions are treated as made in the following order: (1) from annual contributions, which may be withdrawn tax- and penalty-free; (2) from conversion contributions on a first-in-first out (FIFO) basis in the order converted; and (3) from earnings on annual contributions and conversions
All traditional IRAs must be aggregated for purposes of calculating amount taxable	All Roth IRAs must be aggregated for purposes of calculating amount taxable

10% early distribution penalty

Distributions from IRAs prior to age 59½ may be subject to a 10% penalty on the amount includable in income unless an exception applies.

Exceptions
death
disability
series of substantially equal period payments
medical expenses
health insurance premiums for unemployed
higher education expenses
first-time homebuyer \$10,000 (lifetime limit)
qualified birth or adoption (maximum \$5,000) ¹
qualified disaster recovery distribution
qualified reservist distribution
domestic abuse (\$10,000 maximum) ¹
emergency personal expense (\$1,000 maximum) ²
IRS levy

¹ Subject to certain requirements, may be repaid within three years

² Only once every three years unless repaid

Required minimum distributions

Lifetime RMDs

RMDs from traditional IRAs must begin by age 73
First RMD must be taken by 4/1 of year following year IRA owner turns 73 Each RMD thereafter must be taken by 12/31 RMDs are calculated using the life expectancy method RMD = prior 12/31 balance divided by appropriate life expectancy factor
To find factor, IRA owner enters Uniform Lifetime Table each year at current age (unless spouse is more than 10 years younger) ³

Uniform lifetime table

Age	Factor	Age	Factor	Age	Factor
72	27.4	82	18.5	92	10.8
73	26.5	83	17.7	93	10.1
74	25.5	84	16.8	94	9.5
75	24.6	85	16.0	95	8.9
76	23.7	86	15.2	96	8.4
77	22.9	87	14.4	97	7.8
78	22.0	88	13.7	98	7.3
79	21.1	89	12.9	99	6.8
80	20.2	90	12.2	100	6.4
81	19.4	91	11.5		

³ See IRS Publication 590-B, Appendix B for additional tables.

RMDs upon death

Eligible designated beneficiaries (EDBs) may stretch over their lifetime using the Single Life table
EDBs include surviving spouse, ⁴ beneficiary not more than 10 years younger, chronically ill or disabled, and minor child of IRA owner under age 21
Distributions over EDB's lifetime must begin before 12/31 of year following death of IRA owner and at least annually thereafter
If IRA owner died before required beginning date (RBD – 4/1 of year following year turned RMD age) and surviving spouse is sole beneficiary, surviving spouse may delay taking RMDs from inherited account until deceased spouse would have turned RMD age
Surviving spouse may enter table each year; non-spouse beneficiary must enter table at current age in year following death and then subtract 1 for each year thereafter

⁴ Under SECURE 2.0, surviving spouse may elect to use the uniform lifetime table.

Designated beneficiaries (DBs) are subject to the 10-year rule

If IRA owner died before RBD, entire account must be distributed by the end of the 10-year period
If IRA owner died on or after RBD, beneficiary must take annual stretch distributions in years 1-9 and entire account must be distributed by the end of the 10-year period ⁵

⁵ 10-year beneficiaries of IRA owners who died after their RBD must begin taking annual RMDs in 2025.

Non-designated beneficiaries are estates, charities, and non-see-through trusts

If IRA owner died before RBD, the entire amount must be distributed by end of five-year period
If IRA owner died on or after RBD, beneficiary may stretch over IRA owner's remaining life expectancy

Only surviving spouses may elect to rollover decedent's IRA into their own IRA; non-spouse beneficiaries may only do a trustee-to-trustee transfer to an inherited IRA in the name of the decedent

A 25% penalty is imposed on any RMD shortfall. The penalty may be reduced to 10% if the short-fall is corrected in a timely manner.

This information is a summarization of certain IRA rules found in IRS Publication 590-A, Contributions to Individual Retirement Arrangements (published annually) and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (published annually). The 2025 indexed numbers are found in IRS Notice 2024-80.

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