

March 29, 2019

Making IRA Contributions for the 2018 Tax Year

The deadline to contribute to IRAs for the 2018 tax year is April 15th. If you haven't yet contributed for 2018, here are some things to consider:

- 1) Give yourself enough lead time for your contribution to register in your account. Your contribution needs to be in your account by the deadline for it to count for the tax year.
- 2) The maximum contribution allowed across all of your Traditional and ROTH IRAs combined for 2018 is \$5,500 (\$6,500 if you're 50 or older), but may be limited based on your income or participation in an employer-sponsored retirement plan. Traditional IRAs face deductibility restrictions, and ROTH IRAs face contribution restrictions.
- 3) When making your contribution, make sure you select the correct contribution year. Most platforms select the current year by default, so you may have to change it to 2018 manually.
- 4) If you're eligible and financially able to contribute to both a Traditional and ROTH IRA but don't know which one to choose, don't overthink it. It is possible to optimize your decision-making around which type of IRA to contribute to, but don't freeze over the minor details. Saving anything is better than saving nothing.
- 5) Minors cannot open and contribute to their own IRA. A parent or guardian can open a Custodial IRA for them before they reach the age of majority in their state. Like adults, minors must have their own earned income to be eligible to contribute.

If you are unsure about your individual contribution or deductibility limits, ability to contribute to an IRA without jeopardizing current cash flows and financial stability, or have any other questions, please consult your tax and/or financial advisors.

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