

IRS Tax Tip 2007-25

DATE POSTED: February 2, 2007

GUIDELINES FOR ROTH IRA CONTRIBUTIONS

Taxpayers confused about whether they can contribute to a Roth IRA should consider guidelines based on the following categories:

1. **Income Limits** To contribute to a Roth IRA, you must have compensation (e.g., wages, salary, tips, professional fees, bonuses). These limits vary depending on your filing and marital statuses.
 2. **Age** There is no age limitation for Roth IRA contributions.
 3. **Contribution Limits** In general, if your only IRA is a Roth IRA, the maximum 2006 contribution limit is the lesser of your taxable compensation or \$4,000 (\$5,000 if 50 or older). The maximum contribution limit phases out depending on your modified adjusted gross income.
1. **Spousal Roth IRA** You can make contributions to a Roth IRA for your spouse provided you meet the income requirements.
 2. **Time** Contributions to a Roth IRA can be made at any time during the year or by the due date of your return for that year (not including extensions).

Roth IRA contributions are not tax deductible and are not reported on your tax return. On the other hand, you do not include in your gross income, and therefore are not taxed on, any qualified distributions or distributions that are a return of your regular Roth IRA contributions or that are rolled over into another Roth IRA.

For complete information and definitions of terms, get Publication 590, Individual Retirement Arrangements. Visit the IRS Web site at IRS.gov, or call 800-TAX-FORM (800-829-3676) to request a free copy of the publication.