

YOU CAN STILL MAKE A 2005 IRA CONTRIBUTION

If you haven't contributed funds to an Individual Retirement Arrangement for tax year 2005, or if you've put in less than the maximum allowed, you still have time to do so. You can contribute to either a traditional or Roth IRA until the April due date for filing your tax return for 2005, not including extensions.

Be sure to tell the IRA trustee that the contribution is for 2005. Otherwise, the trustee may report the contribution as being for 2006 when they get your funds.

Generally, you can contribute up to \$4,000 of your earnings for 2005 or up to \$4,500 if you are age 50 or older in 2005. You can fund a traditional IRA, a Roth IRA (if you qualify), or both, but your total contributions cannot be more than these amounts.

- **Traditional IRA** You may be able to take a tax deduction for the contributions to a traditional IRA, depending on your income and whether you — or your spouse, if filing jointly — are covered by an employer's pension plan
- **Roth IRA:** You cannot deduct Roth IRA contributions, but the earnings on a Roth IRA may be tax-free if you meet the conditions for a qualified distribution

You can file your tax return claiming a traditional IRA contribution before the contribution is actually made. However, the contribution must be made by the due date of your return, not including extensions. If you report a contribution to a traditional IRA on your return, but fail to contribute by the deadline, you must file an amended tax return by using Form 1040X, Amended U.S. Individual Income Tax Return. You must add the amount you deducted to your income on the amended return and pay the additional tax accordingly.

For more information get IRS publication 590, Individual Retirement Arrangements (IRAs), available at IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676). Taxpayers who need any IRS publication should act soon to be sure they have the item in time to meet the April due date.

###