

# IRA Contributions

## OVERVIEW OF TRADITIONAL & ROTH IRA CONTRIBUTIONS

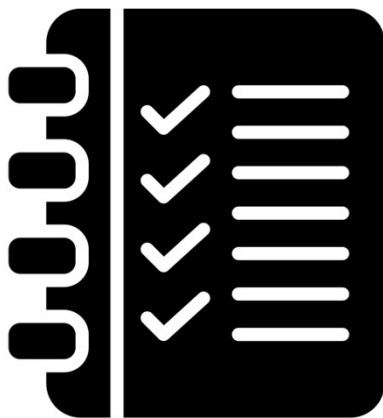
11/19/2025



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## What We'll Cover



- Eligibility
- Maximum contribution limits
- Regular, catch-up & spousal contributions
- Deductible v. nondeductible contributions
- Funding deadline
- Reporting

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## Regular/Spousal Contribution Limits

Contribution Year	Regular	Catch-up (age 50 or older)
2026	\$7,500	\$1,100
2025	\$7,000	\$1,000

- Maximum contribution limit is the *lesser* of:
  - The applicable annual limit, or
  - The IRA owner's\* compensation for the year
- Limit is an aggregate (Traditional and Roth)

\*Or spouse's compensation if filing a joint federal tax return

## Catch-up Contribution Eligibility

Any individual who has attained the age of 50 or older before the close of the taxable year

## Spousal IRA Contributions

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Couple must file a joint federal income tax return

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At least one spouse must have eligible earned income

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For Roth IRAs, couple must have modified adjusted gross income (MAGI) within limits

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## Roth Funding Eligibility 2025

	MAGI	Contribution limit
Single Individuals	<\$150,000	Eligible for full contribution
	\$150,000 - \$165,000	Eligible for a reduced amount
	>\$165,000	Ineligible
Married Filing Jointly (or qualifying surviving spouse)	MAGI	Contribution limit
	<\$236,000	Eligible for full contribution
	\$236,000 - \$246,000	Eligible for a reduced amount
Married Filing Separately (lived with spouse at any time during the year)	>\$246,000	Ineligible
	MAGI	Contribution limit
	>\$0 but less than \$10,000	Eligible for a reduced amount
	\$10,000 or more	Ineligible

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## Roth Funding Eligibility 2026

	MAGI	Contribution limit
Single Individuals	≤ \$153,000	Eligible for full contribution
	\$153,000 - \$168,000	Eligible for a reduced amount
	> \$168,000	Ineligible
Married Filing Jointly (or qualifying surviving spouse)	MAGI	Contribution limit
	≤ \$242,000	Eligible for full contribution
	\$242,000 - \$252,000	Eligible for a reduced amount
Married Filing Separately (lived with spouse at any time during the year)	MAGI	Contribution limit
	> \$0 but less than \$10,000	Eligible for a reduced amount
	\$10,000 or more	Ineligible

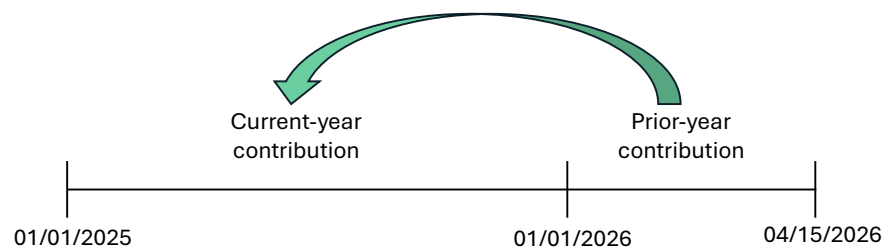
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## IRA Contribution Deadline

- Deadline: tax return due date, not including extensions (generally April 15)
  - If April 15 falls on a Saturday, Sunday, or legal holiday, the deadline is extended to the next business day.



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- Traditional IRAs:  
Sometimes
- Roth IRAs:  
Never

Are IRA  
Contributions  
Tax Deductible?

## Tax Treatment of IRAs

IRA Type	Contributions	Earnings	Distributions
Traditional	<input type="checkbox"/> May be deductible <input type="checkbox"/> May qualify for tax credit	<input type="checkbox"/> Tax-deferred	<input type="checkbox"/> Generally taxable
Roth	<input type="checkbox"/> Not deductible <input type="checkbox"/> May qualify for tax credit	<input type="checkbox"/> Tax-deferred	<input type="checkbox"/> Tax free qualified distributions

## What Factors Affect Deductibility for Traditional IRAs?

### Factor #1: Active Participant (AP) Status

Did the individual (or his/her spouse) accrue benefits under an employer-sponsored retirement plan?

- **No** = Traditional IRA contributions are fully deductible
- **Yes** = Eligibility for deduction determined by modified adjusted gross income (MAGI)

## What Factors Affect Deductibility for Traditional IRAs?

### Factor #2: MAGI

Filing status and MAGI determine the portion of deposit eligible for deduction.

Filing Status	Household Modified Adjusted Gross Income (2025)		
	Full Deduction	Partial Deduction	No Deduction
Single	≤ \$79,000	> \$79,000 < \$89,000	≥ \$89,000
Married Filing Joint (IRA Owner= AP)	≤ \$126,000	> \$126,000 < \$146,000	≥ \$146,000
Married Filing Joint (Spouse = AP)	≤ \$236,000	> \$236,000 < \$246,000	≥ \$246,000

## MAGI Thresholds for 2026

Filing Status	Household Modified Adjusted Gross Income (2026)		
	Full Deduction	Partial Deduction	No Deduction
Single	≤ \$81,000	> \$81,000 < \$91,000	≥ \$91,000
Married Filing Joint (IRA Owner= AP)	≤ \$129,000	> \$129,000 < \$149,000	≥ \$149,000
Married Filing Joint (Spouse = AP)	≤ \$242,000	> \$242,000 < \$252,000	≥ \$252,000

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## How is Active Participant Status Determined?



Form W-2 (Box 13)



IRS Notice 98-49



IRS Publication 590-A

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22222		a Employee's social security number		OMB No. 1545-0029	
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld	
		5 Medicare wages and tips		6 Medicare tax withheld	
		7 Social security tips		8 Allocated tips	
d Control number		9		10 Dependent care benefits	
e Employee's first name and initial		Last name		Suff.	
		11 Nonqualified plans		12a	
		13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
		14 Other		12c	
				12d	
f Employee's address and ZIP code					
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax
					20 Locality name

Form **W-2** Wage and Tax Statement **2025** Department of the Treasury—Internal Revenue Service  
Copy 1—For State, City, or Local Tax Department

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## Traditional IRA Deduction

<b>SCHEDULE 1</b> (Form 1040)		<b>Additional Income and Adjustments to Income</b>		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service		Attach to Form 1040, 1040-SR, or 1040-NR. Go to <a href="http://www.irs.gov/Form1040">www.irs.gov/Form1040</a> for instructions and the latest information.		<b>2025</b> Attachment Sequence No. 01	

Schedule 1 (Form 1040) 2025 Page **2**

<b>Part II Adjustments to Income</b>		
11	Educator expenses	11
12	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	12
13	Health savings account deduction. Attach Form 8889	13
14	Moving expenses for members of the Armed Forces. Attach Form 3903. If claiming only storage fees (see instructions), check here <input type="checkbox"/>	14
15	Deductible part of self-employment tax. Attach Schedule SE	15
16	Self-employed SEP, SIMPLE, and qualified plans	16
17	Self-employed health insurance deduction	17
18	Penalty on early withdrawal of savings	18
19a	Alimony paid	19a
b	Recipient's SSN	
c	Date of original divorce or separation agreement (see instructions):	
20	IRA deduction. If you are married filing separately and lived apart from your spouse for the entire year (see instructions), check here <input type="checkbox"/>	20

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## Nondeductible Contributions

- Don't confuse eligibility with deductibility
- Individuals who are eligible to contribute—but ineligible to *deduct*—may make nondeductible contributions
- Nondeductible contributions are tracked by IRA owner on IRS Form 8606;
  - Not tracked by financial organization
  - Lifetime obligation for taxpayer
  - Not difficult, but important

## IRS Form 8606

Form <b>8606</b>	<b>Nondeductible IRAs</b>		OMB No. 1545-0074
Department of the Treasury Internal Revenue Service	Attach to 2024 Form 1040, 1040-SR, or 1040-NR. Go to <a href="https://www.irs.gov/Form8606">www.irs.gov/Form8606</a> for instructions and the latest information.		<b>2024</b> Attachment Sequence No. <b>48</b>
Name. If married, file a separate form for each spouse required to file 2024 Form 8606. See instructions.			Your social security number
<b>Fill in Your Address Only if You Are Filing This Form by Itself and Not With Your Tax Return</b>	Home address (number and street, or P.O. box if mail is not delivered to your home)		Apt. no.
	City, town or post office, state, and ZIP code. If you have a foreign address, also complete the spaces below (see instructions).		
	Foreign country name	Foreign province/state/county	Foreign postal code
<b>Part I</b> <b>Nondeductible Contributions to Traditional IRAs and Distributions From Traditional, Traditional SEP, and Traditional SIMPLE IRAs</b>			
Complete this part only if one or more of the following apply.			
<ul style="list-style-type: none"> <li>• You made nondeductible contributions to a traditional IRA for 2024.</li> <li>• You took distributions from a traditional, traditional SEP, or traditional SIMPLE IRA in 2024 <b>and</b> you made nondeductible contributions to a traditional IRA in 2024 or an earlier year. For this purpose, "distributions" <b>does not</b> include rollovers (but does include certain 2024 retirement plan distribution repayments treated as rollovers (see instructions)). Also, it <b>does not</b> include qualified charitable distributions, one-time distributions to fund an HSA, conversions, recharacterizations, or returns of certain contributions.</li> <li>• You converted part, but not all, of your traditional, traditional SEP, and traditional SIMPLE IRAs to Roth, Roth SEP, or Roth SIMPLE IRAs in 2024 <b>and</b> you made nondeductible contributions to a traditional IRA in 2024 or an earlier year.</li> </ul>			

# IRA Contribution Reporting Form 5498

- IRS Form 5498 – reports contribution activity and FMV to IRS
  - Box 1 – Traditional IRA contributions
  - Box 10 – Roth IRA contributions
- Reporting deadline
  - May 31<sup>st</sup> – Form 5498 due to IRS

☐ CORRECTED (if checked)

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a) \$	OMB No. 1545-0747 <b>2025</b>	IRA Contribution Information  Copy B  For Participant  This information is being furnished to the IRS.
		2 Rollover contributions \$	Form 5498	
TRUSTEE'S or ISSUER'S TIN	PARTICIPANT'S TIN	3 Roth IRA conversion amount \$	4 Recharacterized contributions \$	
		5 FMV of account \$	6 Life insurance cost included in box 1 \$	
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>	8 SEP contributions \$	
Street address (including apt. no.)		9 SIMPLE contributions \$	10 Roth IRA contributions \$	
City or town, state or province, country, and ZIP or foreign postal code		11 If checked, required minimum distribution for 2025 <input type="checkbox"/>	12a RMD date \$	
		12b RMD amount \$	13a Year \$	
		13b Postponed/late contrib. \$	13c Code	
		14a Repayments \$	14b Code	
Account number (see instructions)		15a FMV of certain specified assets \$	15b Code(s)	

Form 5498 (keep for your records) www.irs.gov/Form5498 Department of the Treasury - Internal Revenue Service

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## Questions?



CHAT WITH US OR CALL US AT 888.470.4542

MONDAY-FRIDAY, 8:00 A.M.-5:00 P.M., CT

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