ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Help Clients Contribute to More Than Their Own IRA

Most clients are aware of the rules for contributing to their own IRAs. Married couples though, are often able to make two IRA contributions, even if only one spouse is working. Since 2012 IRA and/or Roth IRA contributions can be made up until the April 15th tax filing deadline, advisors have just a few precious weeks left to contact their clients and make sure they are maximizing their 2012 tax benefits.

Spousal IRA contributions are often forgotten or misunderstood.

Clients might be able to take measures now, and stuff a couple of extra bucks into an IRA, lowering their tax bill for 2012 after-the-fact. On the other hand, some clients may realize they can add a few more dollars to the Roth IRA of a spouse or child, which generally won't reduce their tax bill, but can, over time, make a meaningful difference to their tax-free retirement savings.

Spousal IRA Contributions

Spousal IRA contributions are often forgotten or misunderstood when trying to minimize a client's tax liability or when planning for retirement. A spousal contribution is an IRA or Roth IRA contribution made for one spouse using the earned income of the other spouse. If your client has compensation (usually earned income from wages or self-employment income), is married and files a joint federal income tax return, they may be able to contribute to an IRA for their spouse in addition to contributing to their own IRA.

Under the regular IRA contribution rules, you need your own compensation to make a regular Traditional or Roth IRA contribution. However, under the spousal contribution rules, a spouse with little or no compensation can make an IRA contribution of up to $5,000 for 2012 ($6,000 if age 50 or older at the end of 2012) as long as the working spouse has enough compensation to cover the contribution. For 2013 the contribution limit is $5,500 ($6,500 if 50 or older by

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