ED SLOTT'S IRA ADVISOR

April 2025

Tax & Estate Planning for Your Retirement Savings

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5 Retirement Account Moves You Can Still Make for 2024

The clock is ticking as the tax season winds down. As we approach the April 15 tax-filing deadline, there is a closing window of time for some last-minute retirement account planning for 2024. For other strategies, it's not too late! There is still time beyond the April 15 deadline. Here are five retirement account moves for the 2024 tax year that are still available to make in 2025.

Make an IRA Contribution

A prior-year (2024) IRA or Roth IRA contribution can be made up to the tax filing due date, April 15, 2025. For most savers, there is no extension beyond that date, regardless of whether a tax return extension is filed. The maximum contribution is $7,000. Those who are age 50 or older by December 31, 2024, can contribute an additional $1,000. This total amount is applied in aggregate across all of a person's traditional and Roth IRAs. Note that IRA contributions have no bearing on how much a person can contribute to a workplace plan such as a SEP IRA, SIMPLE IRA or a 401(k).

IRA and Roth IRA contributions are only permitted when a taxpayer has compensation. Typically, whether or not a person has "compensation" is a relatively straightforward determination. For most individuals, compensation comes from employment, either as an employee or from self-employment income. Confirmation of "compensation" can be found in Box 1 of the person's W-2 form. Any amount listed here (minus any amount listed in box 11) qualifies as "compensation."

As is often the case with IRAs, special rules exist for spouses when it comes to compensation. A spouse with little or no compensation can make an IRA contribution based on the other spouse's compensation. If the higher-compensated spouse had enough eligible income, both spouses can make the maximum IRA contribution. Note that the couple must file a joint tax return for the year to qualify for a spousal contribution.

A traditional IRA contribution is not always deductible. (Roth IRA contributions are never deductible.) One factor for determining IRA deductibility is if a worker is an "active participant" (i.e., "covered") in a retirement plan at work. This can be confirmed by checking Box 13 on the W-2. If neither spouse (for those married filing joint) has a retirement plan through an employer — *no 401(k), no SEP, no SIMPLE, etc.* — then neither is an "active participant" and each can deduct a traditional IRA contribution. It does not matter what their income is. Single filers not participating in an employer plan