

Retirement Contribution Limits for 2009

January, 2009

The maximum a qualified employee can contribute to a **Traditional IRA** in 2009 is \$5,000 (\$6,000 if you are age of 50 or over), with the following tax deductible phase outs depending on your Modified Adjusted Gross Income and Filing Status. *(Please refer to the chart below.)*

Roth IRA contribution limits remain the same as Traditional IRAs. You can contribute to a Roth IRA if your income falls below the following Roth phase outs and rollover limits.

Single Taxpayers: \$105,000 - \$120,000
Married Filing Joint: \$166,000 - \$176,000

In 2010 all Rollover Limits are Removed

You're allowed a prorated contribution if your income falls within the "phase-out" range. If your income exceeds the income range you won't qualify for a Roth IRA contribution.

Retirement Tip - *If you have reached the maximum you can contribute to these plans, consider Non-Deductible IRAs. You may not get the tax deduction, but the growth defers without income tax and later, when you qualify, you can consider converting them to Roth IRAs. Don't forget, distributions from a retirement plan may be subject to tax, and a 10% penalty if withdrawn before age 59 ½.*

Elective deferral contributions, made on a pre-taxed basis, for 401(k), 403(b) and other Employer-Based Accounts in 2009 is now \$16,500 (\$22,000 if you are 50 or over).

SEP/IRA, and other Defined Contribution Plans have contribution limit of \$49,000 with a maximum considered compensation of \$245,000.

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Simple IRA contribution limits has also increased; \$11,500 (\$14,000 for ages 50 and older). for employee contributions to a Simple IRA (also subject to compensation calculation limitations).

For more detailed information about the Retirement Contribution Limits and Phase Outs, give our office a call.

Nadine M. Lord

Source: <http://www.irs.gov/newsroom/article/0,,id=187833.00.html>

2009 IRA Deduction Limits			
Tax Filing Status	Active-Participant Status	Modified Adjusted Gross Income	Allowable Deduction
Single or Head of Household	Individual is <i>not</i> active	No Limit	Full Deduction
	Individual <i>is</i> active	\$55,000 or less	Full Deduction
		More than \$55,000 but less than \$65,000	Partial Deduction
		\$65,000 or more	No Deduction
Married Filing Jointly or Qualifying Widow(er)	- Individual is <i>not</i> active - Individual's spouse is <i>not</i> active	No Limit	Full Deduction
	Individual <i>is</i> active	\$89,000 or less	Full Deduction
		More than \$89,000 but less than \$109,000	Partial Deduction
		\$109,000 or more	No Deduction
	- Individual is <i>not</i> active - Individual's spouse <i>is</i> active	\$166,000 or less	Full Deduction
		More than \$166,000 but less than \$176,000	Partial deduction
\$176,000 or more		No Deduction	
Married Filing Separately	- Individual is <i>not</i> active - Individual's spouse is <i>not</i> active	No Limit	Full Deduction
	Individual <i>is</i> active*	\$10,000 or less	Partial Deduction
		\$10,000 or more	No Deduction
	- Individual is <i>not</i> active - Individual's spouse <i>is</i> active**	\$10,000 or less	Partial Deduction
		\$10,000 or more	No Deduction
Footnotes:			
*If you did not live with your spouse at any time during the year, then you're considered "single" for tax-filing purposes and should use the single criteria to determine your IRA tax deduction. spouse at any time			
**If you did not live with your during the year, you're allowed the full IRA deduction.			