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IRAs MADE CLEAR

Essential Facts at a Glance • 2026

WHAT IS AN IRA?

IRA = Individual Retirement Account.

A personal account for retirement savings.

It holds investments. Many can lose value. Fees matter.

An account, not an investment.

TRADITIONAL IRA

Possible deduction now: lowers the income you are taxed on.

If you or your spouse has a work plan, income and filing status may limit the deduction.

Withdrawals are generally taxed.

Contributions made without a deduction are not taxed again; withdrawals mix both portions proportionally.

ROTH IRA

No deduction now.

Retirement withdrawals can be tax free: generally age 59½ + five tax years.

The clock starts January 1 of your first Roth contribution tax year.

Regular contributions can come out tax free.

2026 LIMITS

Age 50 or older: +$1,100 = $8,600 total.

One shared limit across traditional and Roth IRAs, capped by eligible earned income.

Earned income includes wages and net self-employment earnings.

Joint filers may use one spouse's earnings for separate IRAs, within combined earnings and individual limits.

ROTH INCOME RULES

2026 direct contribution phaseouts:

Single / head of household
$153,000 – $168,000

Married filing jointly
$242,000 – $252,000

At the upper amount: no direct contribution.

MAGI is a tax calculation, not just salary. Married separate filers have different rules.

WITHDRAWAL RULES

Traditional: before 59½, the taxable portion may face an extra 10% tax. Exceptions exist.

Roth earnings and converted money have separate rules.

Required minimum distributions (RMDs): traditional IRAs have them; starting age depends on birth year.

Roth IRAs: no lifetime RMDs for the original owner.

CHECK BEFORE YOU CONTRIBUTE

1. Check limits and income eligibility.
2. Confirm the contribution tax year.
3. Usually due by mid-April of the next year; a filing extension does not extend it.

A 6% annual tax on excess contributions may apply until corrected.

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Educational only; not personal financial, legal or tax advice. Rules vary.
Sources: IRS 2026 limits; IRS Publications 590-A and 590-B. | 2026 tax year · v2 review