

Roth IRAs

Calculating Roth IRA Contributions

for 2007 & 2008

Sample

Questions & Answers

Am I eligible to contribute to a Roth IRA?

You are eligible if you satisfy the following two requirements: (1) you have earned income or compensation; and (2) you meet certain income limitations. Be aware that you are eligible to make contributions to a Roth IRA even though you are age 70½ or older. For a given year, you may be ineligible to contribute to a Roth IRA, but still be eligible to contribute to a traditional IRA and/or a Coverdell Education Savings Account.

Note. The cost of living adjustments to the phaseout and threshold levels for 2008 means more individuals will be eligible to make Roth IRA contributions for 2008.

May I contribute to a Roth IRA after age 70½?

Yes, no age limit is imposed for Roth IRA contributions. The only requirement is that you must have earned income for the year for which the contribution is made.

How much am I eligible to contribute to my Roth IRA for the 2007 and 2008 tax years if I will NOT be at least age 50 as of December 31?

For 2007 you are eligible to contribute the lesser of 100% of your compensation, or \$4,000 as reduced by (1) application of the special income and filing status limitation rule and (2) any amount you contributed to your traditional IRA for the same tax year.

For 2008 you are eligible to contribute the lesser of 100% of your compensation or \$5,000 as reduced by (1) application of the special income and filing status limitation rule and (2) any amount you contributed to your traditional IRA for the same tax year.

How much am I eligible to contribute to my Roth IRA for the 2007 and 2008 tax years if I will be at least age 50 as of December 31?

For 2007 you are eligible to contribute the lesser of 100% of your compensation, or \$5,000, as reduced by (1) application of the special income and filing status limitation rule and (2) any amount you contributed to your traditional IRA for the same tax year.

For 2008 you are eligible to contribute the lesser of 100% of your compensation, or \$6,000, as reduced by (1) application of the special income and filing status limitation rule and (2) any amount you contributed to your traditional IRA for the same tax year.