



# Retirement Plans

## –2014–

### Tax and Business Update

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### IRAs

For 2014, IRA contributions allowed up to the lesser of:

- 1) \$5,500 (\$6,500 if age 50 or older) or
- 2) 100% of the individual's compensation.

Compensation includes wages, salaries, other amounts derived from or received for personal services actually rendered (including self-employment income) and alimony.

For married individuals filing a joint return, IRA contributions can be made for each spouse if the combined compensation of both spouses is at least equal to the contributed amount.

### Accessing Retirement Funds Before Age 59½

Retirement plan distributions received before age 59½ are subject to a 10% penalty tax (25% for some SIMPLE IRA distributions). However, the following distributions are generally not subject to the penalty (but are subject to income tax):

- Because of disability or following death.
- From an employer retirement plan after separation from service and in or after the year the taxpayer reaches age 55.
- Made as part of a series of substantially equal periodic payments.
- To pay unreimbursed medical expenses that exceed 10% (7.5% if taxpayer or spouse is at least age 65) of adjusted gross income (AGI).
- To pay medical insurance when unemployed (IRAs only).
- To pay higher education (college) costs (IRAs only).
- To pay up to \$10,000 of first-time home expenses (IRAs only).

IRAs—Traditional vs. Roth (2014)		
	Traditional	Roth
<b>Contributions:</b>		
Limit, under age 50	\$ 5,500	\$ 5,500
Limit, age 50 or older	\$ 6,500	\$ 6,500
Deductible	Yes, but may be limited if taxpayer (or spouse) covered by employer retirement plan.	No
Income (AGI) limits:	No limit on nondeductible contributions. Limits on deductible contributions only apply if covered by an employer plan, as follows:	Yes
Married filing joint (participating spouse)	\$ 96,000 – 116,000	\$181,000 – 191,000
Married filing joint (non-participating spouse)	181,000 – 191,000	181,000 – 191,000
Single, Head of Household	60,000 – 70,000	114,000 – 129,000
Maximum age	70½	No age limit.
<b>Distributions:</b>		
Taxation	All ordinary income (unless nondeductible contributions made).	Nontaxable if qualified distribution.
Year distributions must begin	Year after taxpayer reaches age 70½	Not required until account owner dies.
10% penalty for taxable distributions before age 59½	Yes, subject to certain exceptions.	Yes, subject to certain exceptions.

