



INDEPENDENT WEALTH MANAGEMENT

Should I Have Separate Accounts for My Deductible and Nondeductible IRA Contributions?

Description:

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If you "commingle" your funds -- that is, create one account that has a mix of tax-deductible and non-tax-deductible contributions -- it could get tricky for you when it comes time to withdraw those assets or roll them over into a different type of account (such as a Roth IRA).^{*} You'll have to keep good records handy to determine what amount was tax deductible -- or spend a lot of time hunting for old account statements or tax returns. Those tax-deductible contributions, and any earnings, are taxed as ordinary income.

Keep in mind that your eligibility for a full or partial deduction depends on whether you (or your spouse, if applicable) participate in an employer-sponsored retirement plan. If you do, the income limits for a full deduction are \$61,000 for single filers and \$98,000 for joint filers for 2015.

Source/Disclaimer:

^{*}Distributions prior to age 59½ may be subject to a 10% additional federal tax.

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