



**Traditional IRA Deductibility –Quick Reference For Tax Year 2007**

	<b>Tax filing Status</b>	<b>MAGI</b>	<b>Allowed amount</b>	
	Single	\$52,000 or less	100%	
		Between \$52,000 & \$62,000	Partial	
		\$62,000 or more	None	
	Married filing jointly. Person making contribution is an active participant	\$83,000 or less	100%	
		Between \$83,000- \$103,000	Partial	
		\$103,000 or more	None	
	Married filing jointly. Person making contribution is not an active participant, but is married to someone who is an active participant	\$156,000 or less	100%	
		Between \$156,000- \$166,000	Partial	
		\$166,000 or more	None	
	Married filing separately	Less than \$10,000	Partial	
		\$10,000 or more	None	
	<p><b>Note:</b> The chart should be read from the perspective of the person for whom the contribution is being made. For instance, if you are making the contribution and your status is married filing jointly, you would say “ I am married, and I am an active participant, so the \$83,000 to \$103,000 range would apply to me” or “I am married, and while I am not an active participant, I am married to an active participant, so the \$156,000 to \$166,000 range would apply to me”.</p>			
Regular contribution limit	\$4,000			
Catch-up contribution limit	\$1,000			
Contribution deadline	April 15, 2008			
Age Limitation	No contributions allowed for the year taxpayer attains age 70 ½ and later.			
Source of funding	<ul style="list-style-type: none"> <li>▪ <i>IRA Participant Contributions</i></li> <li>▪ <i>Rollover and Transfers from other Traditional IRAs, SEP and SIMPLE IRAs</i></li> <li>▪ <i>Spousal IRA contributions</i></li> <li>▪ <i>Recharacterizations from Roth IRAs</i></li> <li>▪ <i>Rollovers from qualified plans</i></li> <li>▪ <i>SEP IRA employer contributions and Salary deferral contributions for SARSEPs</i></li> </ul>			
	Tax Credit			
	<p>If your MAGI falls below certain amounts, you may be eligible to receive a nonrefundable tax credit of up to 50% of your contribution made to your IRAs and any salary deferral contributions you make to an employer sponsored plan. This is referred as the Saver's Credit. The tax credit is capped at \$1,000, and the percentage for which you are eligible depends on your MAGI. The following table provides the percentage of tax credit available for individuals within the indicated MAGI ranges.</p>			
	<b>Credit Rate</b>	<b>Married and files a joint return</b>	<b>Files as head of household</b>	<b>Other category of filers</b>
	50%	Up to \$31,000	Up to \$23,250	Up to \$15,500
	20%	\$31,001 – \$34,000	\$23,251 – \$25,500	\$15,501 – \$17,000
10%	\$34,001 – \$52,000	\$25,501 – \$39,000	\$17,001 – \$26,000	
0%	\$52,001+	\$39,001+	\$26,001+	
<p>Other requirements for receiving the credit apply. These include the following:</p> <ul style="list-style-type: none"> <li>▪ You must be at least 18 years of age the year for which the credit is claimed</li> <li>▪ You cannot be claimed as a dependent on someone else's tax return</li> <li>▪ You cannot be a fulltime student</li> </ul> <p>Refer to IRS Form 8880 to determine the amount of credit for which you are eligible, and file a copy along with your tax return. Additional details on the Saver's Credit are available in IRS <a href="#">Announcement 2001-106</a> and the instructions for Form 8880.</p>				
Treatment of earnings on IRA investments	Earnings grow on a tax-deferred basis. Earnings are added to taxable income for the year distributed			
Distributions Rules	Distributions may be taken at anytime , will be treated as ordinary income and may be subjected to early distribution penalties if withdrawn while under the age of 59 ½			
Required Minimum Distribution(RMD)	IRA owners must begin RMDs, beginning April 1 of the year following the year they turn age 70 ½. Beneficiaries are also subjected to RMD rules.			