generally taxable. There is still time to make contributions that count for a 2020 tax return, if they are made by April 17, 2021. Taxpayers can file their return ...

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Taxpayers of all ages may be able to claim a deduction on their tax return (2020 tax returns are due by May 17, 2021) for contributions to their Individual Retirement Arrangement (IRA) made through May 17, 2021. There is no longer a maximum age for making IRA contributions.

An IRA is designed to enable employees and the self-employed to save for retirement. Most taxpayers who work are eligible to start a traditional or Roth IRA or add money to an existing account.

Contributions to a traditional IRA are usually tax deductible, and distributions are

someone who was 50 years of age or older at the end of 2020, the limit is increased to $7,000. The restrictions on taxpayers age 70 1/2 or older to make contributions to their IRA were removed in 2020.

Qualified contributions to one or more traditional IRAs are deductible up to the contribution limit or 100% of the taxpayer's compensation, whichever is less.

For 2020, if a taxpayer is covered by a workplace retirement plan, the deduction for contributions to a traditional IRA is generally reduced depending on the taxpayer's modified adjusted gross income:

Single or head of household filers with income of $65,000 or less can take a full deduction up to the amount of their contribution limit. For incomes more than $65,000 but less than $75,000, there is a partial deduction and if $75,000 or more there is no deduction.

- Filers that are married filing jointly or a qualifying widow(er) with $104,000 or less of income, a full deduction up to the amount of the contribution limit is permitted. Filers with more than $104,000 but less than $124,000 can claim a partial deduction and if their income is at least $124,000, no deduction is available.
- For joint filers, where the spouse making the IRA contribution is not covered by a workplace plan, but their spouse **is** covered, a full deduction is available if their modified AGI is $196,000 or less. There's a partial deduction if their income is between $196,000 and $206,000 and no deduction if their income is $206,000 or more.
- Filers who are married filing separately and have an income of less than $10,000 can claim a partial deduction. If their income is at least $10,000, there is no deduction.

Worksheets are available in the Form 1040 Instructions PDF or in Publication 590-A,

$196,000.

- For those who file as single, head of household, or married filing separately and did not live with their spouse at any time during the year, that level is $124,000.
- For filers who are married filing separately and lived with their spouse at any time during the year, any amount of modified AGI reduces their contribution limit.

The Saver's Credit, also known as the Retirement Savings Contributions Credit, is often available to IRA contributors whose adjusted gross income falls below certain levels. In addition, beginning in 2018, designated beneficiaries may be eligible for a credit for contributions to their Achieving a Better Life Experience (ABLE) account. For more information on annual contributions to an ABLE account, see Publication 907, Tax Highlights for Persons With Disabilities PDF.

Taxpayers should use Form 8880, Credit for Qualified Retirement Savings Contributions PDF, to claim the Saver's Credit, and its instructions for details on figuring the credit correctly.

Taxpayers can find answers to questions, forms and instructions and easy-to-use tools online at IRS.gov. They can use these resources to get help when it's needed, at home, at work or on the go.

This news release is part of a series called the Tax Time Guide, a resource to help taxpayers file an accurate tax return. Additional help is available in Publication 17, Your Federal Income Tax For Individuals PDF.

More resources

- Do You Qualify for the Retirement Savings Contributions Credit?

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