







Individual Retirement Arrangements (IRAs)

Getting Started

IRAs allow you to make tax-deferred investments to provide financial security when you retire.

Assess your financial needs:

- Where am I, financially? [Taking Stock](#)  (U.S. Securities and Exchange Commission) can help you evaluate your financial situation.
- What will my Social Security retirement benefit be? [Calculate](#)  what you can expect as your Social Security retirement benefit.
- [The Department of Labor](#)  and [Investor](#)  websites also have retirement planning information.

Set up your IRA:

- What kind of IRA best suits my needs? [Traditional IRA](#) or [Roth IRA](#)?
- Traditional vs. Roth IRA [comparison chart](#)
- You can set up an IRA with a:
 - bank or other financial institution
 - life insurance company
 - mutual fund
 - stockbroker

Types of IRAs

- A [traditional IRA](#) is a tax-advantaged personal savings plan where contributions may be tax deductible.
- A [Roth IRA](#) is a tax-advantaged personal savings plan where contributions are not deductible but qualified distributions may be tax free.

- A [Payroll Deduction IRA](#) plan is set up by an employer. Employees make contributions by payroll deduction to an IRA (Traditional or a Roth IRA) they establish with a financial institution.
- A [SEP](#) is a Simplified Employee Pension plan set up by an employer. Contributions are made by the employer directly to an IRA set up for each employee.
- A [SIMPLE IRA plan](#) is a Savings Incentive Match Plan for Employees set up by an employer. Under a SIMPLE IRA plan, employees may choose to make salary reduction contributions, and the employer makes matching or nonelective contributions.
- A [SARSEP](#) - the Salary Reduction Simplified Employee Pension Plan - is a type of SEP set up by an employer before 1997 that includes a salary reduction arrangement.

Investing your IRA assets:

- [The IRS Does Not Approve IRA Investments \(Publication 3125\)](#) [PDF](#)
- Some kinds of investments are not allowed in an IRA. See [IRA FAQs - Investments](#)
- [Investing and Diversification](#) [↗](#) resources from the Department of Labor can get you started on investing for your future.

Contribution Limits

How much can you contribute to your IRA?

Deduction Limits

How much of your IRA contributions can you deduct on your taxes?

Rollovers (See our [Rollover Chart](#) [PDF](#))

The why, what, how, when and where about moving your retirement savings.

- [FAQs: Waivers of the 60-Day Rollover Requirement](#)
- [YouTube video - IRA/Retirement Plan 60-Day Rollover Waivers](#) [↗](#) (.57 secs.)

Distributions

Taking withdrawals from your IRA - when and how much.

- [Required Minimum Distributions - RMD Worksheet](#)
- [Roth IRA Distributions](#)
- [Tax on Early Distributions](#) (and exceptions)

Beneficiaries

Information for spousal and non-spousal IRA beneficiaries

Saver's Credit

Individuals may be able to take a tax credit of up to \$1,000 if they make eligible contributions to an IRA.

Form 5498 Reporting

Incorrect information on Form 5498, IRA Contribution Information, may cause taxpayers to make IRA reporting errors on their tax returns. Common examples of incorrect information include:

- Reporting the IRA contribution for the wrong year
- Failing to report the contribution as a conversion from a traditional IRA to a Roth IRA
- Issuing duplicate Forms 5498
- Missing or incorrect RMD information

Additional IRA Resources

FAQs, forms, publications and other resources for IRAs

Page Last Reviewed or Updated: 20-Mar-2024