

necessarily a separate account — it could be the same IRA that the spouse contributed to while working. Rather, the term refers to IRS rules that allow a married couple to fund separate IRA accounts for each spouse based on the couple's joint income.

For tax years 2019 and 2020, an individual with earned income from wages or self-employment can contribute up to \$6,000 annually to his or her own IRA and up to \$6,000 more to a spouse's IRA — regardless of whether the spouse works or not — as long as the couple's combined earned income exceeds both contributions and they file a joint tax return. An additional \$1,000 catch-up contribution can be made for each spouse who is 50 or older. Contributions for 2019 can be made up to the April 15, 2020, tax filing deadline.

All other IRA eligibility rules must be met. If a spousal contribution to a traditional IRA for 2019 is made for a nonworking spouse, she or he must be under age 70½; the age of the working spouse does not matter for purposes of the spousal IRA. For contributions made in 2020 and later years, the age 70½ restriction has been eliminated by the SECURE Act.

Traditional IRA Deductibility

If neither spouse actively participates in an employer-sponsored retirement plan such as a 401(k), contributions to a traditional IRA are fully tax deductible. However, if one or both spouses are active participants, federal income limits may affect the deductibility of contributions.

For 2019, the ability to deduct contributions to the IRA of an active participant is phased out at a joint modified adjusted gross income (MAGI) between \$103,000 and \$123,000, but contributions to the IRA of a nonparticipating spouse are phased out at a MAGI between \$193,000 and \$203,000. For 2020, phaseout ranges increase to \$104,000–\$124,000 and \$196,000–\$206,000, respectively.

Thus, some participants in workplace plans who earn too much to deduct an IRA contribution for themselves may be able to make a deductible IRA contribution for a nonparticipating spouse.

Withdrawals from traditional IRAs are taxed as ordinary income and may be subject to a 10% federal income tax penalty if withdrawn prior to age 59½, with certain exceptions as outlined by the IRS.

1–2) Pew Research Center, 2019

This information is not intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek advice from an independent tax or legal professional. The content is derived from sources believed to be accurate. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. This material was written and prepared by Broadridge Advisor Solutions. © 2020 Broadridge Investor Communication Solutions, Inc.

Investment and insurance products and services are offered through INFINEX INVESTMENTS, INC.

Member **FINRA/SIPC**. SBW Wealth Management is a trade name of the bank. Infinex and the bank are not affiliated. Products and services made available through Infinex are not insured by the FDIC or any other agency of the United States and are not deposits or obligations of nor guaranteed or insured by any bank or bank affiliate. These products are subject to investment risk, including the possible loss of value.

NOT FDIC-INSURED. NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. NOT GUARANTEED BY THE BANK. MAY GO DOWN IN VALUE.

[Back To Top](#) ^

