



# As a servicemember, can I contribute to an IRA?



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## Answer:

You may contribute to an IRA if you're a member of the armed forces. The rules that apply to servicemembers regarding IRA contributions and distributions generally are the same rules that apply to civilians.

You're allowed to contribute up to \$5,500 to a traditional IRA in 2017, as long as you're under age 70½ and you have earned income. In addition, if you're age 50 or older, you can make an extra "catch-up" contribution of \$1,000 in 2017. You can make your annual contribution up to April 15 of the following year. Also, if you meet certain conditions, you may be able to contribute an additional \$5,500 in 2017 to an IRA in your spouse's name (plus an additional \$1,000 catch-up contribution if your spouse is age 50 or older), even if your spouse has little or no income. However, whether you can deduct your traditional IRA contributions will depend on several factors, such as your income, your tax filing status, and whether you or your spouse is covered by the Thrift Savings Plan or an employer-sponsored plan. You may be able to deduct all, a portion, or none of your contribution for a given year. You may also qualify for a partial tax credit.

Roth IRAs are in some ways the opposite of traditional IRAs. Contributions to Roth IRAs are never tax deductible, but qualified distributions will be tax free. Also, even though the same dollar caps on yearly contributions apply to Roth IRAs (\$5,500 in 2017, and a \$1,000 catch-up contribution if age 50 or older), not everyone will qualify to take full advantage of a Roth IRA. The amount you can contribute to a Roth IRA (if anything) will be based on your income and filing status. As with traditional IRAs, you may be able to contribute to a Roth IRA on behalf of your spouse. However, your contribution to a Roth IRA for any tax year must be reduced by contributions made to other IRAs during the same year. For example, your combined annual contribution to all of your IRAs in 2017--Roth and traditional--cannot exceed \$5,500 (\$6,500 if you're age 50 or older).

In addition, members of the Armed Forces may include nontaxable combat pay as part of their taxable compensation when determining how much they can contribute to an IRA (their own or a spousal IRA). For service members with only nontaxable combat pay, Roth IRA contributions generally will make more sense than nondeductible contributions to a traditional IRA.

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Military Benefit Association  
mba@militarybenefit.org

