**TRADITIONAL IRAS**

SIMPLE, SMART AND TAX ADVANTAGED

While there are numerous ways to save for retirement, saving through a Traditional IRA— for many people—is one of the best ways to save. With a Traditional IRA, you’re in complete control. You choose when to save and how much to save.

You enjoy tax benefits that are only available through special tax-advantaged plans such as a Traditional IRA. And you enjoy the satisfaction that comes with knowing that you’re taking concrete steps to help ensure a secure financial future.

The Traditional Individual Retirement Arrangement (IRA) is an extremely popular savings vehicle. But why are Traditional IRAs so popular? For many taxpayers, the Traditional IRA offers the ability to reduce current income taxes along with the opportunity to postpone taxes on growth/earnings until a future date when funds are distributed (typically after retirement).

TAX BENEFITS

There are two basic tax benefits associated with Traditional IRAs: a potential tax deduction for contributions, and tax deferral on growth/earnings that accrue within the Traditional IRA.\*

TAX BENEFIT #1: TAX-DEDUCTIBLE CONTRIBUTIONS

A key factor in determining whether you are eligible to take a tax deduction for a Traditional IRA contribution is whether you (and/or your spouse if you are married) are considered to be an “active participant” in an employer-sponsored retirement plan. If neither you, nor your spouse (if applicable), is an active participant in an employer-sponsored retirement plan, you can take a full tax deduction for your Traditional IRA contribution regardless of your income level. On the other hand, if you (or your spouse) are an active participant in an employer-sponsored retirement plan, your ability to take a tax deduction for a Traditional IRA contribution will vary based on your tax filing status and your income level. Depending on your circumstances you may qualify for a full tax deduction, a partial tax deduction or no tax deduction.

TAX BENEFIT #2: TAX-DEFERRED GROWTH

With conventional savings options that are not tax-advantaged, earnings are typically taxed as your savings grow. Earnings within a Traditional IRA, however, are allowed to grow on a tax-deferred basis—not being taxed until they are distributed from the Traditional IRA at some future date. Fortunately, everyone who is eligible to fund a Traditional IRA is eligible for tax-deferred growth (regardless of tax filing status or income level).

\*Under some circumstances, taxpayers are also eligible to claim a tax credit for an IRA contribution.

FUNDING ELIGIBILITY

EARNED INCOME

As a general rule, you must have earned income from working to be eligible to fund a Traditional IRA. However, if you are married and file a joint tax return with your spouse, you can meet this requirement based on your own earned income or the earned income of your spouse. The maximum amount you, as an individual, can contribute for a given year is the lesser of the applicable federal limit for that tax year or 100% of your earned income.

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| MAXIMUM IRA CONTRIBUTION |
| 2025 | 2024 |
| < Age 50 | Age 50 Or Older | < Age 50 | Age 50 Or Older |
| $7,000 | $8,000 | $6,500 | $7,500 |