

It may not be too late to reduce your 2024 taxes, but it's getting close!

If you're preparing to file your 2024 federal income tax return and your tax bill is higher than you'd expected – or your tax refund is smaller than you'd hoped — there might still be an opportunity to change it.

If you qualify, you can make a deductible contribution to a traditional IRA until the filing date of **April 15, 2025**, and benefit from the tax savings on your 2024 return.

Who's eligible?

You can make a deductible contribution to a traditional IRA if:

- You (and your spouse if you're married) aren't an active participant in an employer-sponsored retirement plan or
- You (or your spouse) actively participate in an employer plan, but your modified adjusted gross income (MAGI) doesn't exceed certain levels that vary by filing status.

For 2024, if you're married, filing jointly, and covered by an employer plan, your deductible IRA contribution phases out over \$123,000 to \$143,000 of MAGI. For single filers or those filing as head of household, this phaseout range is \$77,000 to \$87,000. It's only \$0 to \$10,000 if you're married and filing separately. If you're not an active participant in an employer-sponsored retirement plan, but your spouse is, your deductible IRA contribution phases out with MAGI between \$230,000 and \$240,000.

Deductible IRA contributions reduce your current tax liability, and earnings within the IRA are tax-deferred. However, every dollar you take out will be taxed in full (and subject to a 10% penalty before age 59-1/2, unless an exception applies).

Roth IRA holders may also contribute to their accounts until April 15, though these contributions aren't tax deductible, and some income-based limits apply. Withdrawals from a Roth IRA are tax-free if the account has been open for at least five years and you're 59-1/2 or older. Certain withdrawals are tax-free even before age 59-1/2 or within five years.

How much can you contribute?

If eligible, an individual can make a deductible traditional IRA contribution of up to \$7,000 for 2024. The contribution limit is \$8,000 for those age 50 and up by December 31, 2024. If you're a small business owner, you can establish and contribute to a [Simplified Employee Pension \(SEP\) plan](#) up until the due date for your return, including extensions. For 2024, the maximum SEP contribution is \$69,000.

For more information about IRAs or SEPs, including additional strategies to reduce your 2024 taxes, [contact us](#) or ask about it when we're preparing your return. We can help you save the maximum tax-advantaged amount for retirement.