

Retirement Tax Tips

Investors with IRAs or other Qualified Retirement Plans who are age 70 ½ or older must take what is called a “Required Minimum Distribution (RMD) for tax year 2014. RMDs must be withdrawn by December 31, 2014, except for investors who turned or will turn 70 ½ during 2014; these clients may defer their first distribution until April 1, 2015; however, that would cause the taxpayer to take two (2) RMDs in 2015 causing taxable income and income taxes paid to possibly rise compared to 2014. In addition, the penalty for failure to take a RMD is 50% of what you should have taken.

There have been some recent changes to retirement plan benefit limits for 2015. The maximum annual elective deferral (the amount that may be contributed by an employee) to a 401(k), 403(b), 457 plan, SEP IRA, SIMPLE IRA, and traditional/Roth IRA is listed below. The maximum total contribution, when the “catch up” provision for workers age 50 or older, has increased. The limit on IRAs remains unchanged.

	2015	2014
401(k), 403(b), 457 plan		
Annual deferral limit	\$18,000	\$17,500
Catch-up contribution	6,000	5,500
SEP IRA	53,000	52,000
SIMPLE IRA		
Annual deferral limit	12,500	12,000
Catch-up contribution	3,000	2,500
IRA		
Annual deferral limit	5,500	5,500
Catch-up contribution	1,000	1,000

For year 2015, the traditional IRA deduction phaseout (AGI) amounts have increased slightly for those already participating in a qualified plan and wanting to make a tax-deductible IRA contribution. For unmarried, active participants the phaseout range is \$61,000-\$71,000, for married filing joint, nonparticipating spouse the phaseout range is \$183,000-\$193,000, and for married filing joint, participating spouse the phaseout range is \$98,000-\$118,000.

In determining Roth IRA contribution eligibility, the AGI phaseout range for joint returns is \$183,000-\$193,000, for single and head of household the phaseout range is \$116,000-\$131,000, and for married filing separate the phaseout range is \$0-\$10,000.

Craig C. Le Bouef, MBA, CPA/PFS, CFP®, Shareholder of Going, Sebastien, Fisher, & Le Bouef, LLP, Certified Public Accountants, Registered Investment Advisors, and Consultants, 2811 South Union, Opelousas, LA. Website: www.goingcpa.com E-mail: craig@goingcpa.com