



For Immediate Release

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It's Not Too Late to Fund an IRA or Education Savings Account

WASHINGTON, DC (April 13, 2011) Attention last minute savers! There's still time to fund your traditional IRA, Roth IRA or Coverdell Education Savings Account (ESA) for 2010. The deadline for contribution to IRAs is April 18, this year's filing deadline. If you are under 50, you may contribute a maximum of \$5,000 to a traditional or Roth IRA; those fifty or over may contribute \$6,000, one of the plus sides of aging. The maximum contribution to a Coverdale ESA is \$2,000, no matter your age.

Small businesses have even longer to consider their contributions. For 2010, small business retirement plan contribution checks must be postmarked by the extended filing date of October 17, 2011.

If you are currently enrolled in an employer sponsored retirement plan, your contribution to a traditional IRA will not be tax deductible, but you will be able to take advantage of tax-deferred interest compounding. After making your contribution, you may want to consider converting to a Roth IRA. By converting your non-deductible traditional IRA to a Roth IRA, only your earnings prior to conversion will be taxed.

In an odd twist that goes against most of what we experience in life, the rules of IRAs actually reward aging and exclude high incomes. As your income increases, your ability to deduct a traditional IRA contribution or to contribute to a Roth IRA may decrease. For example, if you are married filing jointly, your maximum Roth contribution begins to phase out when your earnings exceed \$167,000 and is eliminated completely when your earnings reach \$177,000.

It also becomes harder to contribute to a Coverdell ESA as your income increases. The Coverdell is a great way to save, tax-free, for college, but the contribution limit is phased out for contributors with a modified adjusted gross income between \$95,000 and \$110,000 for single filers and between \$190,000 and \$220,000 for joint filers. If you exceed those limits, you may want to just make a \$2,000 gift to your favorite future college student, and let him or her open their own Coverdell ESA (assuming the child did not earn more than \$95,000 last year, in which case he or she can probably foot the college bill!)

To ensure that you take advantage of all available tax free savings, tax credits and deductions for 2011, it's not too early to consult with a licensed tax professional, such as an enrolled agent (EA). To locate an EA in your area, visit the searchable "Find an Enrolled Agent" directory at www.naea.org.

About Enrolled Agents

To earn the EA license, candidates must pass a background check and a stringent three-part exam on tax administered by the US Department of Treasury. To maintain the license, they must complete annual continuing education that is reported to the IRS. Members of the National Association of Enrolled Agents (NAEA) are obligated to complete additional continuing education and adhere to a code of ethics and rules of professional conduct.