

2020 and 2021 options—IRAs

At-a-glance



Wealth Management

Provision	Traditional IRA	Roth IRA			
Eligibility requirements	Contributions can be made if an individual or their spouse has earned income.	Contributions can be made at any age as long as the contributor, or their spouse, has earned income and your modified adjusted gross income (MAGI) does not exceed.			
		2021 limits	Full	Partial contribution	Not eligible contribution
		Single filers	up to \$125,000	\$125,001–\$140,000	\$140,001 or more
		Joint filers	up to \$198,000	\$198,001–\$208,000	\$208,001 or more
		Married, filing separately	up to \$9,999	Not eligible	\$10,000 or more
Maximum contribution limits	<ul style="list-style-type: none"> For 2021, the lesser of 100% of compensation or \$6,000. For 2020, the maximum contribution limit is \$6,000. In 2020 and 2021, an individual age 50 or older may contribute an additional \$1,000. Annual total contribution limit between traditional IRA and Roth IRA is \$6,000 (\$7,000 if age 50 or older) in both 2020 and 2021. 	Same as traditional IRA, subject to restrictions on MAGI as noted in eligibility requirements above.			
Contribution deadline	Tax-filing deadline not including extensions (generally April 15).	Tax-filing deadline not including extensions (generally April 15).			
Key tax advantage	Tax-deferred growth. Contribution may be tax deductible.	Federally tax-free growth.			

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Provision	Traditional IRA	Roth IRA		
Deductibility of contributions	Yes, subject to retirement plan participation and MAGI limits:		All contributions are nondeductible.	
		2020		2021
	Single filer, retirement plan participant with MAGI of:			
	Fully deductible	\$65,000 or less		\$66,000 or less
	Partially deductible	\$65,001–\$75,000		\$66,001–\$76,000
	Non-deductible	\$75,001 or more		\$76,001 or more
	Single filer, no retirement plan participation:			
	Fully deductible			
	Married, filing separately, retirement plan participant with MAGI of:			
	Partially deductible	\$0–\$10,000		\$0–\$10,000
	Married, filing a joint return, both covered by retirement plan with MAGI of:			
	Fully deductible	\$104,000 or less		\$105,000 or less
	Partially deductible	\$104,001–\$124,000		\$105,001–\$125,000
	Non-deductible	\$124,001 or more		\$125,001 or more
	Joint filer, no retirement plan participation (but spouse is participant) with MAGI of:			
	Fully deductible	\$196,000 or less		\$198,000 or less
	Partially deductible	\$196,001–\$206,000		\$198,001–\$208,000
Non-deductible	\$206,001 or more	\$208,001 or more		
Joint filer, neither spouse is a retirement plan participant:				
Fully deductible				
Required distributions	Minimum distributions must begin by required beginning date which is April 1 following year reach age 72.	No minimum distributions required at any age.		
Taxation of distributions	<ul style="list-style-type: none"> Taxes are deferred until distributions are made. All earnings and deductible contributions are taxed as ordinary income upon withdrawal. If nondeductible contributions have been made, each withdrawal is taxed proportionately. You use IRS Form 8606 to calculate your tax-free portion. Non-taxable distributions are also not subject to the 10% premature penalty. 	<p>Qualifying distributions are tax and penalty free if your initial contribution to your ROTH IRA was made at least five years ago and one of the following exceptions apply:</p> <ul style="list-style-type: none"> Age 59½ or older Qualified first time home purchase (lifetime limit of \$10,000) <p>Non-qualified distributions</p> <ul style="list-style-type: none"> Annual contributions can be withdrawn tax and penalty free at any time. Distributions from a conversion amount must satisfy a five-year investment period to avoid the 10% penalty, unless an exception applies. The conversion amount is not subject to taxation. Distributions from earnings will be taxed as ordinary income unless they are a qualifying distribution. They also will be subject to the 10% penalty unless an exception applies. The exceptions are the same as those for traditional IRAs. 		

Provision	Traditional IRA	Roth IRA
Exceptions to 10% premature penalty	Distributions taken on or after age 59½ or on account of: <ul style="list-style-type: none"> • Death • Disability • Higher education expenses • Insurance premiums paid by certain unemployed individuals • Qualified acquisition costs of a first-time home buyer (lifetime limit of \$10,000) • Qualified reservist distribution 	Distributions taken on or after age 59½ or on account of: <ul style="list-style-type: none"> • Death • Disability • Higher education expenses • Insurance premiums paid by certain unemployed individuals • Qualified acquisition costs of a first time home buyer (lifetime limit of \$10,000) • Qualified reservist distribution
Conversions	<ul style="list-style-type: none"> • Conversion from Traditional IRA, SIMPLE IRA, SEP IRA or qualified plan to Roth IRA is allowed. • The amount converted is taxed as ordinary income, but no 10% penalty applies. 	<ul style="list-style-type: none"> • Conversion from traditional IRA, SIMPLE IRA*, SEP IRA or qualified plan to Roth IRA is allowed. • The amount converted is taxed as ordinary income, but no 10% penalty applies.
Transfers	<ul style="list-style-type: none"> • Assets can be transferred to another trustee/custodian. • A transfer may not be made between a Traditional IRA and a Roth IRA (however, a distribution from a Traditional IRA and subsequent conversion to a Roth IRA may be made). 	<ul style="list-style-type: none"> • Assets can be transferred to another trustee/custodian. • A transfer may not be made between a traditional IRA and a Roth IRA (however, a distribution from a traditional IRA and subsequent conversion to a Roth IRA may be made).
Rollovers	<ul style="list-style-type: none"> • Traditional IRA, SEP IRA, SARSEP or SIMPLE IRA to traditional IRA* • With triggering event <ul style="list-style-type: none"> — Qualified Plan to traditional IRA — 403(b) Plan to traditional IRA — Governmental Thrift Savings Plan to traditional IRA — Governmental 457(b) to traditional IRA 	<ul style="list-style-type: none"> • Roth IRA to Roth IRA



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* SIMPLE IRA rollovers and conversions to non-SIMPLE IRA accounts are not allowed in the first two years of participation

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