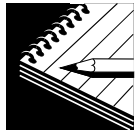


CHART 1
IRA Deductibility PHASE OUT

IRA Deductibility PHASE OUT – Single – Active Participant of QRP			
YEAR	FULL DEDUCTION IF MAGI	PARTIAL DEDUCTION IF MAGI	NO DEDUCTION IF MAGI
2013	<\$59,000	\$59,000-\$69,000	>\$69,000
2014	<\$60,000	\$60,000-\$70,000	>\$70,000

IRA Deductibility PHASE OUT – Married Filing SEPARATE – Active Participant of QRP			
YEAR	FULL DEDUCTION IF MAGI	PARTIAL DEDUCTION IF MAGI	NO DEDUCTION IF MAGI
2013 + Future Years		\$0-\$10,000	>\$10,000

IRA Deductibility PHASE OUT – Married Filing JOINT – Active Participant of QRP			
YEAR	FULL DEDUCTION IF MAGI	PARTIAL DEDUCTION IF MAGI	NO DEDUCTION IF MAGI
2013	<\$95,000	\$95,000-\$115,000	>\$115,000
2014	<\$96,000	\$96,000-\$116,000	>\$116,000



Note: There is a floor of \$200 on IRA deductions. If an accountholder's income falls in the partial deduction category, the accountholder will always be able to deduct \$200. Once the \$112,000 married and the \$68,000 single limits are reached the deduction goes to zero.

CHART 2
IRA Deductibility PHASE OUT—JOINT—One is an Active Participant

IRA Deductibility PHASE OUT – Married Filing JOINT – If you have no QRP but your spouse IS Active Participant of QRP			
YEAR	FULL DEDUCTION IF MAGI	PARTIAL DEDUCTION IF MAGI	NO DEDUCTION IF MAGI
2013	<\$178,000	\$178,000-\$188,000	>\$188,000
2014	<\$181,000	\$181,000-\$191,000	>\$191,000

Active participant rules for spouses who are not covered by qualified retirement plan

Under the 1997 Taxpayer Relief Act, the limits on deductible IRA contributions no longer apply to the spouse of an active participant who is not covered by a Qualified Retirement Plan. The IRA contribution for an individual who is not an active participant, but whose spouse is an active participant, is phased out for the nonactive participant if the combined MAGI is between \$178,000 and \$188,000.

 **Example #1**

Wife is active participant.
 Husband is not active participant.
 MAGI \$200,000.

Neither is entitled to make deductible contributions because MAGI is over \$188,000.
 Both may make nondeductible contributions.

 **Example #2**

Wife is an active participant—her salary is \$95,000.
 Husband is not active participant—his salary is \$41,000.
 MAGI \$136,000.

MAGI is under \$188,000, husband can contribute and deduct a \$5,500 IRA. Wife cannot make a deductible contribution since she is an active participant and MAGI exceed the limits of \$112,000. She may make a nondeductible contribution to an IRA.

TAX SAVERS CREDIT

1. OVERVIEW

Your account holder may be able to take a tax credit if he/she makes eligible contributions (defined later) to a qualified retirement plan, an eligible deferred compensation plan, or an individual retirement arrangement (IRA). Your account holder may be able to take a credit of up to \$1,000 (up to \$2,000 if filing jointly). This credit could reduce the federal income tax paid dollar for dollar.

2. WHO CAN CLAIM THE CREDIT?

If your account holder makes eligible contributions to a qualified retirement plan, an eligible deferred compensation plan, or an IRA, he/she can claim the credit if all of the following apply.

1. The account holder was born before January 2, 1990.
2. The account holder is not a full-time student (explained later).
3. No one else, such as an individual's parent(s), claims an exemption for him/her on their tax return.
4. The account holder's adjusted gross income (defined later) is not more than:
 - a. \$60,000 if filing status is married filing jointly,
 - b. \$45,000 if filing status is head of household, or
 - c. \$30,000 if filing status is single, married filing separately, or qualifying widow(er).

Modified Adjusted Gross Income 2014

Joint return		Head of household		All other cases		Applicable
Over	Not Over	Over	Not Over	Over	Not Over	Percentage
\$ 0	\$36,000	\$ 0	\$ 27,000	\$ 0	\$ 18,000	50%
36,000	39,000	27,000	29,250	18,000	19,500	20%
39,000	60,000	29,250	45,000	19,500	30,000	10%
60,000		45,000		30,000		0%

