In the hustle and bustle of tax preparation season, many people forget about their IRAs. In fact, Fidelity Investments reports that 25% of IRA contributions typically are received in the first two weeks of April. While you may be cutting it short, you still have time to boost your retirement savings and potentially save on your 2014 tax bill if you make a contribution to an IRA by the April 15 tax filing deadline.

If you are opening an IRA for the first time or need a refresher course on the specifics of IRA ownership, here are some facts for your consideration.

IRAs in America

IRAs continue to play an increasingly prominent role in the retirement saving strategies of Americans. According to the Investment Company Institute (ICI), with $7.3 trillion in assets, IRAs now represent 30% of total U.S. retirement market assets, up from 18% two decades ago. Today, some 41 million -- or 34% -- of U.S. households report owning IRAs. Traditional IRAs, the most common variety, are held by about 25% of U.S. households, followed by Roth IRAs, which are held by 15.6% of households, and employer-sponsored IRAs, including SEP IRAs, SAR-SEP IRAs, and SIMPLE IRAs, which are held by 6% of households.

Contributions and Deductibility

Contribution limits. In general, the most you can contribute to an IRA for 2014 (and 2015) is $5,500. If you were age 50 or older at the end of 2014, you can make an additional "catch-up" contribution of $1,000, which brings the maximum annual contribution to $6,500.

Eligibility. One area of confusion around IRAs concerns an individual's eligibility to make contributions. In general, Internal Revenue Service guidelines state that you must have taxable compensation to contribute to an IRA. This includes income from wages and salaries and net self-employment income. If you are married and file a joint tax return, only one spouse needs to have compensation in most cases.

With regard to Roth IRAs, income may affect your ability to contribute. For tax year 2014, individuals with an adjusted gross income (AGI) of $114,000 or less may make a full contribution of up to $5,500 to a Roth IRA. Married couples filing jointly with an AGI of $181,000 or less may also contribute fully, up to $11,000 for the year. (For 2015, these income thresholds have increased to $116,000 and $183,000 respectively.) Contribution limits begin to decline, or "phase out," for individuals with...
AGIs between $114,000 and $129,000 and for married couples with AGIs between $181,000 and $191,000. If your income exceeds these upper thresholds, you may not contribute to a Roth IRA.³

**Deductibility.** Whether you can deduct your traditional IRA contribution depends on your income level, marital status, and coverage by an employer-sponsored retirement plan. For instance:³

- If you are single and covered by an employer-sponsored retirement plan your traditional IRA contribution for 2014 will be fully deductible if your AGI was $60,000 or less. The amount you can deduct begins to decline if your AGI was between $60,000 and $70,000. Your IRA contribution is not deductible if your income is equal to or more than $70,000.

- If you are married, filing jointly, and you both are covered by an employer-sponsored retirement plan, your 2014 IRA contribution will be fully deductible if your combined AGI is $96,000 or less. The amount you can deduct begins to phase out if your combined AGI is between $96,000 and $116,000. Neither of you can claim an IRA deduction if your combined income is equal to or more than $116,000.

- If you are married, filing jointly, and your spouse is covered by an employer-sponsored plan (but you are not), you may qualify for a full IRA deduction if your combined AGI is $181,000 or less. The amount you can deduct begins to phase out for combined incomes of between $181,000 and $191,000. Your deduction is eliminated entirely if your AGI on a joint return is $191,000 or more.

- If neither you nor your spouse is covered by an employer-sponsored retirement plan, your contribution is generally fully deductible up to the annual contribution limit or 100% of your compensation, whichever is less.

Keep in mind that contributions to a Roth IRA are not tax deductible under any circumstances.

**Don't Forget Your HSA**

One more last-minute tax consideration is your qualified health savings account (HSA). If you have not funded it yet -- or if you would like to open one for the first time -- you have until the April 15 tax filing deadline to make a contribution for 2014, as long as the account was set up by December 31, 2014. For 2014, HSA holders can save up to $3,300 for an individual and $6,550 for a family. Those aged 55 and older can save an extra $1,000 -- and these contributions are tax deductible from gross income.⁴

The clock is ticking so don't miss out. Contact your financial advisor today for help opening and/or funding an IRA or a health savings account.
Retirement Savers: Act Now to Fund Your IRA for 2014 (continued)

1 CNBC.com, "No fooling-you can still make 2014 IRA contributions," April 1, 2015.

