

2021 and 2022 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.			
		2022 limits	Full	Partial contribution	Not eligible contribution
		Single filers	up to \$129,000	\$129,001–\$144,000	\$144,001 or more
		Joint filers	up to \$204,000	\$204,001–\$214,000	\$214,001 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 2022, the lesser of 100% of compensation or \$6,000. For 2021, the maximum contribution limit is \$6,000. In 2021 and 2022, 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 2021 and 2022. 	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.			

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

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Deductibility of contributions	Yes, subject to retirement plan participation and MAGI limits:	All contributions are nondeductible.																																																																
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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. </td> <td data-bbox="1142 1029 1971 1469"> <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. 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Provision	Traditional IRA	Roth IRA
Exceptions to 10% premature penalty	<p>Distributions taken on or after age 59½ or on account of:</p> <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 	<p>Distributions taken on or after age 59½ or on account of:</p> <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

RBC Wealth Management does not provide tax or legal advice. All decisions regarding the tax or legal implications of your investments should be made in consultation with your independent tax or legal advisor.