

IRA DEADLINES ARE APPROACHING

Important dates for your IRA are coming in April.

Many of us associate April with taxes. We should also associate it with IRAs, for April is the month with the deadlines for IRA contributions and mandatory IRA withdrawals.



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The deadline for your 2012 IRA contribution is April 15, 2013. For tax year 2012, you can contribute up to \$5,000 to your Roth or traditional IRA. One exception: If you turned 50 in 2012, your Roth or traditional IRA contribution limit for 2012 is \$6,000. You get 15½ months to make your IRA contribution for a given tax year. You can make your 2013 IRA contribution at any time until Monday, April 15, 2014.¹

Have you already made your IRA contributions? Hopefully, you contribute the maximum annually and make your contribution soon; the earlier that money is invested, the longer it can work for you.

Be sure to indicate the year of the IRA contribution on the check. This seems pretty basic, yet is too often overlooked. Write "2012 IRA contribution" or "2013 IRA contribution" or

something equally simple and clear on your check (and include your account number on the check to help your IRA custodian). If you're making your contribution electronically, be sure this gets communicated. If you don't tell your IRA custodian what year the contribution is for, it will be accepted as an IRA contribution for the current year per IRS guidelines.²

Avoid racing against the clock. If you wait until the last minute, you may feel safe mailing your 2012 IRA contribution check to your IRA custodian with an April 15, 2013 postmark. That feeling might be unwarranted. Postmark deadlines for prior-year contributions vary among IRA custodians, and sometimes checks that arrive after the deadline count as current-year contributions regardless of postmark. Why not save yourself the risk and mail your 2012 contribution in with plenty of time to spare?²

The recharacterization deadline for 2012 Roth IRA conversions is October 15. If you converted a traditional IRA to a Roth IRA last year and need to undo it for tax purposes, October 15 is the absolute deadline to "recharacterize" the Roth account. If you need to do this,

please request a recharacterization with your IRA custodian well before October 15.³

The RMD deadline is April 1. If you turned 70½ in 2012, you have until April 1 of this year to take your first Required Minimum Distribution from your traditional IRA; that is, your first mandatory income withdrawal. Your IRA custodian should have notified you of this deadline at the end of January, and many IRA custodians will typically calculate your annual RMD for you and offer to send you a check for the amount. (If not, many of them have online calculators or similar tools that will help you figure out your RMD amount.) If you have a Roth IRA, you are never required to take an RMD (during your lifetime) and you can still keep contributing to it after age 70½. Keep the deadlines in mind; April will be here before you know it.⁴

Citations.

- 1 - us.etrade.com/e/t/plan/retirement/static?gxml=ira_amt_deadlines.html&skinname=none [1/2/13]
- 2 - boston.com/business/personalfinance/managingyourmoney/archives/2011/03/its_crunch_seas.html [3/10/11]
- 3 - turbotax.intuit.com/tax-tools/tax-tips/Investments-and-Taxes/Reversing-a-Roth-IRA-Conversion/INF12129.html [1/2/13]
- 4 - www.irs.gov/Retirement-Plans/Retirement-Plans-FAQs-regarding-Required-Minimum-Distributions [1/2/13]

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