Jerry Ask, CFP®

The JKA Report

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AN INVESTMENT NEWSLETTER FOR CLIENTS & PROSPECTS

Provided by Jerry K. Ask Investment Services

IRA and Retirement Plan Limits for 2014

IRA Contribution Limits

The maximum amount you can contribute to a traditional IRA or Roth IRA in 2014 remains unchanged at $5,500 (or 100% of your earned income, if less). The maximum catch-up contribution for those age 50 or older in 2014 is $1,000, also unchanged from 2013. (You can contribute to both a traditional and Roth IRA in 2014, but your total contributions can't exceed this annual limit.)

Traditional IRA Deduction Limits for 2014

The income limits for determining the deductibility of traditional IRA contributions have increased for 2014 (for those covered by employer retirement plans). For example, you can fully deduct your IRA contribution if your filing status is single/head of household, and your income ("modified adjusted gross income," or MAGI) is $60,000 or less (up from $59,000 in 2013). If you're married and filing a joint return, you can fully deduct your IRA contribution if your MAGI is $96,000 or less (up from $95,000 in 2013). If you're not covered by an employer plan but your spouse is, and you file a joint return, you can fully deduct your IRA contribution if your MAGI is $181,000 or less (up from $178,000 in 2013).

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“Diversification should be the cornerstone of your investment program.

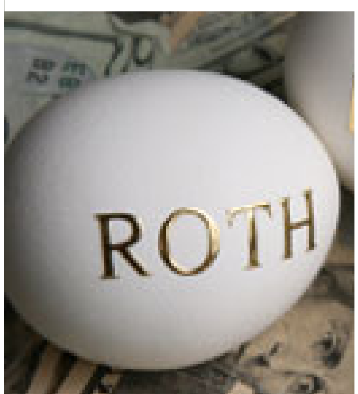
If you have your wealth in one company, unexpected troubles may cause a serious loss; but if you own the stocks of 12 companies in different industries, the one which turns out badly will probably be offset by some other which turns out better than expected.”

–Sir John Templeton

If your 2014 federal income tax filing status is:	Your IRA Deduction is reduced if your MAGI is between:	Your deduction is eliminated if your MAGI is:
Single/ Head-of-Household	$60,000 and $70,000	$70,000 or more
Married filing jointly or qualifying widow(er)*	$96,000 and $116,000 (Combined)	$116,000 or more (Combined)
Married filing separately	$0 and $10,000	$10,000 or more

*If you’re not covered by an employer plan but your spouse is, your deduction is limited if your MAGI is $181,000 to $191,000, and eliminated if your MAGI exceeds $191,000.

Roth IRA Contribution Limits for 2014



The income limits for Roth IRA contributions have also increased. If your filing status is single/head-of-household, you can contribute the full $5,500 to a Roth IRA in 2014 if your MAGI is $114,000 or less (up from $112,000 in 2013). And if you’re married and filing a joint return, you can make a full contribution if your MAGI is $181,000 or less (up from $178,000 in 2013). (Again, contributions can’t exceed 100% of your earned income.)

If your 2014 federal income tax filing status is:	Your Roth IRA Contribution is reduced if your MAGI is between:	You cannot contribute to a Roth IRA if your MAGI is:
Single/ Head-of-Household	$114,000 and $129,000	$129,000 or more
Married filing jointly or qualifying widow(er)*	$181,000 and $191,000 (Combined)	$191,000 or more (Combined)
Married filing separately	$0 and $10,000	$10,000 or more

Employer Retirement Plans

The maximum amount you can contribute (your “elective deferrals”) to a 401(k) in 2014 remains unchanged at $17,500. The limit also applies to 403(b), 457(b), and SAR-SEP plans, as well as the Federal

Thrift Savings Plan. If you're age 50 or older, you can also make catch-up contributions of up to $5,500 to these plans in 2014 (unchanged from 2013). (Special catch-up limits apply to certain participants in 403(b) and 457(b) plans.

If you participate in more than one retirement plan, your total elective deferrals can't exceed the annual limit ($17,500 in 2014 plus any applicable catch-up contribution). Deferrals to 401(k) plans, 403(b) plans, SIMPLE plans, and SAR-SEPS are included in this limit, but deferrals to Section 457(b) plans are not. For example, if you participate in both a 403(b) plan and a 457(b) plan, you can defer the full dollar limit to each plan–a total of $35,000 in 2014 (plus any catch-up contributions).

The amount you can contribute to a SIMPLE IRA or SIMPLE 401(k) plan in 2014 is $12,000, unchanged from 2013. The catch-up limit for those age 50 or older remains unchanged at $2,500.

Plan Type:	Annual Dollar Limit:	Catch-Up Limit:
401(k), 403(b), government 457(b), SAR-SEP, Federal Thrift Savings Plan	$17,500	$5,500
SIMPLE Plans	$12,000	$2,500
NOTE: Contributions cannot exceed 100% of your income.		

The maximum amount that can be allocated to your account in a defined contribution plan (for example, a 401(k) plan or profit-sharing plan) in 2014 is $52,000 (up from $51,000 in 2013), plus age 50 catch-up contributions. (This includes both your contributions and your employer's contributions. Special rules apply if your employer sponsors more than one retirement plan.)

Finally, the maximum amount of compensation that can be taken into account in determining benefits for most plans in 2014 has increased to $260,000, up from $250,000 in 2013; and the dollar threshold for determining highly compensated employees remains unchanged at $115,000.

"If you don't study any companies, you have the same success buying stocks as you do in a poker game if you bet without looking at your cards."

–Peter Lynch

"I'd be a bum on the street with a tin cup if the markets were always efficient."

–Warren Buffet

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Important Dates To Remember When Filing Federal Taxes for 2013

January 15, 2014 – Final estimated tax payment for 2013 due if you did not pay your income tax (or enough of your income tax) for that year through withholding. Use Form 1040-ES

January 31, 2014 – If you did not pay your last installment of estimated tax by January 15, file your income tax return for 2013 on this date, thereby avoiding any penalty for late payment of the last installment. Use Form 1040 or 1040A.

February 18, 2014 – File a new Form W-4 if you can claim exemption from withholding.

March 3, 2014 – Farmers and fishermen must file their 2013 income tax return (Form 1040) to avoid an underpayment penalty for the last quarter of 2013 if they were required to but did not pay estimated tax on January 15.

April 15, 2014 – File your income tax return for 2013 (Forms 1040, 1040A, or 1040EZ) and pay any tax due. Make your 2013 IRA contribution. If you are not extending your return, make your Keogh or SEP-IRA contribution if you have self-employment income. For an automatic 6-month extension, file Form 4868 and pay any tax that you estimate will be due. Then file Form 1040 or 1040A by October 15. If you get an extension, you can't file Form 1040EZ. (You can use one Form 4868 to file for both your income tax and gift tax extensions.) Pay the first installment of your 2014 estimated tax if you are not paying your 2014 income tax (or enough of it) through withholding tax. If you made any taxable gifts during 2013 (more than $14,000 per donee), file a gift tax return for that year (Form 709 or 709-A) and pay any tax due.

June 16, 2014 – Pay the second installment of 2014 estimated tax. If you are a U.S. citizen or resident alien living and working (or on military duty) outside the United States and Puerto Rico , file Form 1040 and pay any tax, interest and penalties due. Otherwise, see April 15.

June 30, 2014 – Individuals who have signature authority or other authority over certain bank, securities, or other financial accounts in a foreign country must file Form TD F 90-22.1. The form must be received on or before June 30.

September 15, 2014 – Pay the third installment of your 2014 estimated tax. Last day to make a required minimum contribution to a defined benefit or money purchase Keogh plan.

October 15, 2014 – If you requested an automatic 6-month extension to file your 2013 income tax return, file Form 1040 or Form 1040A and pay any tax, interest, and penalty due, and file any gift tax return if due. Last day to make a Keogh or SEP-IRA contribution deductible for calendar year 2013 if you requested a 6-month extension of time to file your tax return.

December 31, 2014 – Last day to establish a Keogh plan for 2014.