**How Much Can You Contribute to a Roth IRA for 2020?**

We're sorry to say that the maximum amount that can be contributed to a Roth IRA in 2020 did not increased over last year's maximum. At least the income limits for making the maximum contribution went up in 2020, though. All-in-all, Roth IRAs offer a great way to save for retirement for certain people. Here's what you need to know.

2020 Roth IRA Contribution Limits and Income Limits

The maximum amount you can contribute to a Roth IRA for 2020 is $6,000 if you're younger than age 50. If you're age 50 and older, you can add an extra $1,000 per year in "catch-up" contributions, bringing the total contribution to $7,000. (The limits were the same for 2019.)

The actual amount that you are allowed to contribute to a Roth IRA is based on your income. To be eligible to contribute the maximum for 2020, your modified adjusted gross income must be less than $124,000 if single or $196,000 if married and filing jointly. Contributions begin to be phased out above those amounts, and you can't put any money into a Roth IRA once your income reaches $139,000 if single or $206,000 if married and filing jointly. ([**The Roth IRA income limits are higher for 2020 than they were for 2019**](https://www.kiplinger.com/article/retirement/T046-C000-S001-how-much-can-you-contribute-to-a-roth-ira-for-2019.html).)

Roth IRAs vs. Traditional IRAs

Unlike [**contributions to a traditional IRA**](https://www.kiplinger.com/article/retirement/T032-C000-S000-how-much-can-you-contribute-to-an-ira-for-2020.html), which may be tax-deductible, a Roth IRA has no up-front tax break. Money goes into the Roth after it has already been taxed. But when you start pulling money out in

Also, Roths—unlike traditional IRAs—are not subject to [**required minimum distributions (RMDs)**](https://www.kiplinger.com/fronts/special-report/required-minimum-distributions/index.html) after age 72.

Roths are also more flexible than traditional, deductible IRAs. You can withdraw contributions to a Roth account anytime, tax- and penalty-free. If you want to withdraw earnings tax-free, though, you must be at least age 59 1/2, and you must have owned the Roth for at least five years. The clock on the five-year holding period starts ticking on January 1 of the year you open the account.

You can open a Roth IRA through a bank, brokerage, mutual fund or insurance company, and you can invest your retirement money in stocks, bonds, mutual funds, exchange-traded funds and other approved investments. You have until the federal tax filing deadline to make your Roth IRA contribution for the prior year. The deadline for filing 2020 tax returns is April 15, 2021.

Is a Roth IRA Right for You?

Ed Slott, who is a CPA and an IRA expert in Rockville Centre, N.Y., recommends Roth IRAs for savers of all ages. But, he adds, "the younger you are when you start investing in one, the more advantageous it'll be because that creates more time for your contributions to compound tax-free."

There isn't a minimum age limit to open a Roth IRA, and you can contribute to another person's Roth account as a gift—perfect for parents looking to kick-start a child's retirement savings. Two caveats: Recipients must have earned income, and you can only contribute an amount up to that person's annual earnings or $6,000, whichever is less.

Roths can also provide valuable [**tax diversification in retirement**](https://www.kiplinger.com/slideshow/retirement/T037-S001-how-11-types-of-retirement-income-get-taxed/index.html). Roth IRAs are great "for people who want to balance out their sources of income—meaning that they may already have considerable sources of income that will be taxable in retirement, like a pension, 401(k)s or Social Security, and they want to build up another pot of money that will permit tax-free withdrawals," says Mari Adam, a certified financial planner in Boca Raton, Fla.

Finally, note that if you invest in both a Roth IRA and a traditional IRA, the total amount of money you contribute to both accounts can't exceed the annual limit. If you do exceed it, the IRS might hit you with a 6% excessive-contribution penalty.

Roth IRA Savings Tips

To make the most of saving for retirement in your Roth IRA:

* Max out your contributions. For each year that you're able, aim to hit the $6,000 limit.
* Once you turn 50, add another $1,000 to that limit annually. You can add funds to your Roth for as long as you live and have earnings from work.
* Avoid withdrawing funds you contributed to your account, even though you can do so without penalties or taxes. Letting that money grow in the account over many years means a bigger nest egg in retirement.

<https://www.kiplinger.com/article/retirement/T046-C000-S001-how-much-can-you-contribute-to-a-roth-ira-for-2020.html>