THE MILFORD BANK
Always There.

Highlights & Happenings

Member FDIC *Equal Housing Lender* *January 2019*

Do You Qualify for an IRA Tax Deduction in 2018?

Contributions to an IRA may be eligible for a tax deduction, up to the annual contribution limit. The limit for 2018 is $5,500 or $6,500 if you're 50 or older. Even better, this is an "above-the-line" deduction, meaning that you can take advantage even if you don't itemize.

Eligibility for the IRA tax deduction depends on a few factors, such as the type of IRA you're contributing to, your adjusted gross income (AGI), and if you're eligible to participate in your employer's retirement plan.

To be eligible for the IRA deduction, you must contribute to a traditional IRA. Traditional IRAs are tax-deferred retirement accounts, meaning that your contributions might be tax-deductible now, but your eventual withdrawals will count as taxable income.

Roth IRAs have several advantages, but an immediate tax deduction isn't one of them. Roth IRA contributions do not qualify for the IRA deduction, but qualified withdrawals may be 100% tax-free.

To qualify for a tax deduction, your contributions must be made in a timely manner. For IRA purposes, this means that you can contribute during the calendar year itself, or during the next calendar year before the tax deadline passes. In 2018, this means your contributions must be made between Jan. 1, 2018 and April 15, 2019.

Income limitations: Are you eligible to participate in an employer's retirement plan?

For some people, the ability to take the IRA deduction is income-restricted. This depends on how much you earn and whether you or your spouse, if applicable, can participate in an employer's retirement plan.

First, the easy part. If you're not married and are not eligible to participate in a retirement plan at work, you can take advantage of the IRA deduction regardless of your income, provided you meet the requirements outlined in the previous section.

Continued on the next page.

Nancy Cardinali	17 years
Brenda Norris	13 years
Kristina-lyn DaEira	12 years
John Kuehnle	12 years
Natalya Pozdnyakova	10 years

Congratulations!!

Take penny challenge to super charge your savings!

You may have seen those 365 Day Money Saving Challenges, and they sound all glamorous, “Save Over $1,000 this year!” but when you look at challenge details, you realize you have to sock away around $50 each week by the time November comes around.

This challenge is much easier for anyone, regardless of income, to complete.

Here’s how it works: Every day for a year (365 days), put pennies in a jar equivalent to the number of days spent on the challenge.

For example:
Day 1 = 1 penny
Day 10 = 10 pennies
Day 50 = 50 pennies
Day 100 = $1
Day 250 = $2.50
Day 365 = $3.65

The pennies add up! By the end of the year, you should have $667.95 in your jar!

Do you qualify for a tax deduction (continued)

If you do have a retirement plan at work, such as a 401(k), 403(b), pension plan, etc., your ability to take the IRA deduction is income-restricted. Specifically, here's a guide of the AGI limits for your tax filing status.

2018 Tax Filing Status	Full Contribution Limit	Partial Contribution Phaseout
Single or head of household	$63,000	$73,000
Married filing jointly	$101,000	$121,000
Married filing separately (*if you lived with your spouse at any point during the year*)	$0	$10,000

The final situation is if you are not covered by an employer's retirement plan but you're married and your spouse is covered. In this case, your deduction is income-limited but with more generous AGI thresholds:

2018 Tax Filing Status	Full Contribution Limit	Partial Contribution Phaseout
Married filing jointly	$189,000	$199,000
Married filing separately (*if you lived with your spouse at any point during the year*)	$0	$10,000

What if you don't qualify for the IRA deduction?

To be clear, if you don't qualify for the IRA deduction, you can still contribute to a traditional IRA. Nondeductible IRA contributions are treated differently upon withdrawal, but you still get the benefit of tax-deferred compounding. In other words, you won't have to pay capital gains or dividend taxes each year while your money is invested.

If any of this sounds complicated, we're here to help! We have specialists at all of our offices who can walk you through this from start to finish!

Source: motleyfool.com, *Contact your tax advisor for details.

Christmas
Monday 12-24,
Closing at 3:00 pm
Tuesday 12-25,
Closed

New Years
Monday 12-31,
Closing at 3:00 pm
Tuesday 01-01,
Closed

Martin Luther King Day
Monday, 01-21
Closed

Electronic services available 24/7 for your convenience

Stopping Unsolicited Mail, Phone Calls, and Email

Tired of having your mailbox crammed with unsolicited mail, including preapproved credit card applications? Fed up with getting telemarketing calls just as you're sitting down to dinner? Fuming that your email inbox is chock-full of unsolicited advertising? The good news is that you can cut down on the number of unsolicited mailings, calls, and emails you receive by learning where to go to "just say no."

If you decide that you don't want to receive prescreened offers of credit and insurance, you have two choices: You can opt out of receiving them for five years or opt out of receiving them permanently.

To opt out for five years: Call toll-free 1-888-5-OPT-OUT (1-888-567-8688) or visit optoutprescreen.com. The phone number and website are operated by the major consumer reporting companies.

To opt out permanently: You may begin the permanent Opt-Out process online at optoutprescreen.com. To complete your request, you must return the signed Permanent Opt-Out Election form, which will be provided after you initiate your online request.

When you call or visit the website, you'll be asked to provide certain personal information, including your home telephone number, name, Social Security number, and date of birth. The information you provide is confidential and will be used only to process your request to opt out.

The federal government's National Do Not Call Registry is a free, easy way to reduce the telemarketing calls you get at home. To register your phone number or to get information about the registry, visit donotcall.gov, or call 1-888-382-1222 from the phone number you want to register. You will get fewer telemarketing calls within 31 days of registering your number. Telephone numbers on the registry will only be removed when they are disconnected and reassigned, or when you choose to remove a number from the registry.

Consumers can register at the Direct Marketing Association's (DMA) consumer website, DMAchoice.org to opt-out of receiving unsolicited catalogs, credit and other sales offers. Opt-out requests are kept on file for ten years.

In addition, DMAchoice online offers registration for DMA's email Preference Service (reduce your unsolicited commercial email).

Source: FTC.gov