

SEP-IRA and Roth IRA

Does anyone know if I can both contribute to my firm's SEP IRA and also contribute to a separate Roth IRA? Or is it just one or the other?

See <https://www.irs.gov/forms-pubs/about-publication-590>

IRS publications tended to be good.

Deborah Matthews, Virginia

Yes, you can contribute to both, with some qualifications.

1. There are income restrictions on the ROTH (approx \$200K for married and \$125K for single).
2. There is an annual max that individuals can contribute to an IRA each year. I think it is around 6K or 7K. You can get around this if you employer makes the contribution to the firm's IRA. If you are a solo, you can split your contributions. I do that and make an "employer" and a "participant" contribution.
3. Keep in mind contributions to the SEP IRA are deducted from your federal income but not Roth contributions. With the Roth you pay the tax up front in return for not paying the tax later.

Christine J. Kuntz, Pennsylvania

You sure can. I have continuously invested in a Roth and SEP or SIMPLE for years.

Ryan Young, Virginia

It's a good strategy; come retirement, i.e., diverting some to Roth reduces the size of taxable distributions.

Craig McLaughlin, California

Yes, you can contribute to a Roth and a SEP simultaneously. The SEP is limited to 25% of salary or \$57K. The Roth is limited to \$6K, unless you are over 50, in which case you can tack on an additional \$1K per year as a 'catch up.'

Greg Zbylut, California