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9 IRA Mistakes to Avoid

12/24/2013

When you started investing in an IRA, you took a great step toward saving for your future. Now, try to avoid the missteps.

To get the most out of your IRA, avoid these nine common mistakes.

1. You think you missed the deadline.

You have until the tax filing deadline — usually April 15 — to make an IRA contribution for the previous year. You can even claim a traditional IRA deduction and file your return before you actually make the contribution — just be sure to follow through.

2. You don't put in enough.

Since a traditional IRA allows you to deduct contributions from your taxes, you get the biggest benefit when you save as much as the law allows. If you're younger than age 50, you can contribute up to $5,500 in 2013 and 2014.

3. You don't play catch-up.

Age does have its rewards. If you're 50 or older, you may be eligible to contribute an extra $1,000 each year, for a total of $6,500, to an IRA. This catch-up amount offers a chance to kick your savings into overdrive.

4. You assume you can't contribute.

If you're a stay-at-home mom or dad, you still can open an IRA — as long as you aren't contributing more than the income you and your spouse report to the IRS. An IRA is especially handy for you if your husband or wife is already covered by a retirement plan at work and can't deduct IRA contributions. What you can deduct will depend on your situation, but every bit counts.

5. You roll the wrong way.

If you've recently switched jobs or left a job, you can roll the funds from your old employer's retirement plan into an IRA. Just be sure the transfer is a direct rollover — directly from one financial institution to another. If the payout goes to you first, you must follow rollover rules that require a mandatory 20% withholding tax and a 60-day rollover deadline. USAA advisors can help you through the rollover process.

6. You don't even consider a Roth.

You might be able to save more on taxes in the long run by contributing to a Roth IRA, instead of a traditional IRA, depending upon your tax situation. Roth IRA contributions aren't tax deductible, but the Roth may provide tax-free withdrawals come retirement time. And the IRS doesn't require the owner to take annual minimum distributions. Thanks to an IRS rule change, anyone, regardless of income levels, can convert money from a traditional IRA to a Roth IRA. Since conversions are subject to ordinary income taxes, you should talk to a tax advisor regarding your particular situation.

7. You withdraw the money too soon.

Your IRA is designed to remain untouched until you reach age 59½. If you make a withdrawal from your traditional IRA before then, you'll typically have to pay taxes on the withdrawal and fork over a 10% penalty, with some qualified exceptions. While a Roth IRA usually allows you to withdraw your contributions, not including earnings, at any time without taxes or penalties, you'll thank yourself later for not raiding the piggy bank.

8. You procrastinate.

More than any technicality, it's plain old procrastination that hurts investors the most. Whether it's uncertainty in the markets, cash-flow concerns or the rising cost of college, there will always be excuses to put off this year's IRA contribution. But time-honored investing principles show that consistent contributions — through good times and bad — provide the clearest path to long-term investing success. So make the commitment and take action to help secure your financial future now. "It's often easy to find a reason to put off investing," Montanaro says. "By setting up an automatic investment or allotment into your IRA, you can make it a mandatory part of your money routine."

9. You have too many accounts.

If, over the years, you've opened new IRA accounts like they were going out of style, it may be time to gather them together. Keeping track of multiple accounts can get complicated, and simplifying your finances can make it easier to regularly save money. "More accounts doesn't necessarily equate to diversification and certainly could result in more fees," Montanaro says. Consolidating far-flung IRA accounts can be accomplished by completing a few simple rollover forms.