

Can I still have a traditional IRA if I contribute to my 401(k) plan at work?

Answer:

Yes. Anyone with earned income who is under age 70½ can open and contribute to a traditional IRA. The contribution limit is \$5,000 for 2008 and 2009, plus an additional "catch-up" contribution of \$1,000 in 2008 and 2009 if you're 50 or older. However, you may not be able to deduct your IRA contributions if you're covered by a 401(k) plan at work. Whether or not you can deduct your IRA contributions depends on your filing status and annual income (adjusted gross income, or AGI). Specifically, for tax year 2009:

If your filing status is:	Your IRA deduction is reduced if your AGI is between:	Your deduction is eliminated if your AGI is:
Single or head of household	\$55,000-\$65,000	\$65,000 or more
Married filing jointly or qualifying widow(er)	\$89,000-\$109,000	\$109,000 or more
Married filing separately	\$0-\$10,000	\$10,000 or more

You may also qualify for a partial tax credit for amounts contributed to your traditional IRA or your 401(k) plan.