

# TRADITIONAL IRA AND ROTH IRA

———— Plan Today for a Secure Tomorrow ————

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LORD ABBETT®

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# Traditional IRA

***A traditional IRA is an account that allows individuals to save and invest for retirement on a tax-deferred basis.***

## ELIGIBILITY REQUIREMENTS

- Individuals with earned income.
- Either you and/or your spouse must have earned income.
- You may also roll over assets from a 401(k), profit sharing, 403(b), governmental 457(b), or pension plan into a traditional IRA or transfer an IRA from another financial institution.

## CONTRIBUTION LIMITS

- In 2025 you can contribute up to \$7,000 to a traditional IRA.
- Individuals age 50 or older (at any time during the year) may make an additional “catch-up” contribution of \$1,000 to their traditional IRA.

Year	Contribution Limit <sup>1</sup>	Age 50 “Catch-Up” Contribution <sup>1</sup>
2024	\$7,000	\$1,000
2025	\$7,000	\$1,000

## IRA DEDUCTION RULES

- A single person not covered by a workplace retirement plan may deduct his/her entire contribution to a traditional IRA.
- For a 2025 traditional IRA contribution where a married couple files a joint tax return and only one spouse is covered by a workplace retirement plan, the non-covered spouse may deduct his/her full contribution if the couple’s Modified Adjusted Gross Income (MAGI) is \$236,000 or less (partial deduction for MAGI of \$236,000 - 246,000).<sup>2</sup>
- If you are covered by a workplace retirement plan, part or all of your traditional contributions may be deductible if your MAGI is below certain levels.<sup>2</sup>

The table below shows the income ranges for the deductibility of a traditional IRA contribution made by individuals who are active participants in a workplace retirement plan. Individuals or couples with incomes equal to, or less than, the lower amount in each category qualify for a full deduction, while those with incomes within the income ranges qualify for a partial deduction.

Tax Filing Status	2025 Income <sup>1,2</sup> (MAGI)	2024 Income <sup>1,2</sup> (MAGI)
Single	\$79,000–83,000	\$77,000–87,000
Married filing jointly*	\$126,000–146,000	\$123,000–143,000
Married filing jointly**	\$236,000–246,000	\$230,000–240,000

Source: IRS.gov

**Note:** Lord Abbett cannot make a determination regarding your eligibility to make deductible contributions. Please consult your tax advisor.

\*Deductibility based on both spouses being covered by a workplace retirement plan.

\*\*Deductibility based on one spouse being covered by a workplace retirement plan.

## ROLLOVERS AND TRANSFERS

Assets may be sent directly to a Lord Abbett traditional IRA from a 401(k), profit-sharing, 403(b), or governmental 457(b) plan, or another IRA.

### Direct Rollover

When you retire or sever service and are eligible to receive a distribution from your workplace retirement plan, your former employer is required to give you the option of having your distribution rolled over directly to your Lord Abbett IRA or another workplace retirement plan.<sup>3</sup>

**Note:** Neither Lord Abbett or its representatives will provide any advice or recommendation regarding a decision to roll over or transfer assets to a Lord Abbett IRA. Individuals considering whether to roll over or transfer assets from their qualified retirement plan or another IRA should consider, among other things, the differences in fees, expenses, levels of service, and investment options associated with their qualified retirement plan (or such other IRA) and a Lord Abbett IRA. Any decision to roll over retirement assets to a Lord Abbett IRA must be made by you and your advisors independent of Lord Abbett and its representatives.

# Traditional IRA (continued)

To transfer a 401(k) or another workplace retirement plan to a Lord Abbett IRA, please follow these steps:

- Complete a Lord Abbett IRA Application.
- Instruct your former employer to make a check payable to “Lord Abbett Funds, IRA For the Benefit of: [Your Name]” and include your Social Security number, newly assigned IRA account number, and “direct rollover” on the check. The check can be sent to you or forwarded directly to Lord Abbett.
- If you are a non-spouse beneficiary, you may transfer an account into a “Inherited IRA.” The account would be titled, “John Doe, deceased, FBO: John’s beneficiary.” The asset transfer must come directly to Lord Abbett from the prior retirement account.

## IRA Transfer

- An IRA transfer occurs when you move your IRA from one financial institution to another.
- You also may have funds sent to Lord Abbett directly from your current IRA custodian.
- If you take receipt of the assets, you generally have 60 days to deposit the funds into a new IRA or be subject to taxation and potential penalties.

*IRS allows for one 60-day IRA rollover every 365 days. Consult with your tax professional for more information.*

## COMBINING TRADITIONAL IRAs, ROLLOVER IRAs, AND SEP-IRAs

You may want to combine your traditional IRA, rollover IRA, and SEP-IRA accounts. Consolidating your account allows you to receive your Lord Abbett IRA account summary on a single statement.

*Lord Abbett will not automatically combine all your IRA accounts. Please contact us at 888-522-2388 if you choose to combine your IRA accounts.<sup>4</sup>*

## WITHDRAWALS FROM YOUR IRA

### Mandatory Withdrawals

You must begin taking required minimum distributions (RMDs) from your traditional IRA by April 1 following the year you attain age 73. You may defer your initial minimum distribution until the following year (taking two such distributions then), taking annual minimum distributions thereafter.

### Other Withdrawals

Generally, distributions from a traditional IRA that occur on or after age 59½ are subject to income tax.

Distributions made prior to age 59½ are subject to income tax plus a 10% federal penalty tax unless an exception applies. Common exceptions include:

- Substantially equal periodic payments under Section 72(t)
- Disability
- Death
- Cost of your medical insurance while receiving unemployment compensation for more than 12 weeks
- Unreimbursed medical expenses that are more than 7.5% of your adjusted gross income
- Qualified higher education expenses
- First-time home purchase, subject to a lifetime limit of \$10,000
- IRS levy
- Qualified Reservist Distribution
- Qualified Birth or Adoption
- Domestic Abuse
- Federally Declared Disaster

# ROTH IRA

***A Roth IRA allows income-qualified investors of any age to save for their retirement. Contributions are made with after-tax dollars and offer the potential of tax-free withdrawals, plus there are no required minimum distributions.***

## ELIGIBILITY REQUIREMENTS

- Individuals with earned income.
- A 2025 Roth IRA contribution may be made by single individuals with MAGI up to \$150,000 and married couples filing a joint tax return with MAGI up to \$236,000.<sup>1,2,6,7</sup>
- Pre-tax salary deferral contributions to a 401(k), 403(b), governmental 457(b), or SIMPLE IRA reduce your adjusted gross income, potentially making you income-eligible to make a Roth IRA contribution.
- A Roth IRA contribution can be made at any age so long as you or your spouse have earned income and satisfy the annual income test.

The following table shows the income limits applicable for individuals (based on tax filing status) as to whether such individuals can make Roth IRA contributions.

Taxpayers with income below the lowest income levels set forth in the table can make maximum Roth IRA contributions, and taxpayers with income within the income ranges can make Roth IRA contributions that are proportionately reduced.

Tax Filing Status	2025 Income (MAGI)	2024 Income (MAGI)
Single	\$150,000–165,000	\$146,000–161,000
Married filing jointly	\$236,000–246,000	\$230,000–240,000
Married filing separately <sup>6</sup>	\$0–10,000	\$0–10,000

## CONTRIBUTION LIMITS

- For 2025, an eligible individual can contribute up to \$7,000 to a Roth IRA.
- Eligible individuals age 50 or older (at any time during the year) may contribute an additional “catch-up” contribution of \$1,000 to their Roth IRA.

Year	Under Age 50 Individual Contribution Limit <sup>1</sup>	Age 50 or older “Catch-Up” Contribution <sup>1</sup>
2025	\$7,000	\$1,000
2024	\$7,000	\$1,000

## DEDUCTION RULES

- Roth IRA contributions are made with after-tax money and therefore do not provide a current tax deduction.

## CONVERSION FROM A TRADITIONAL IRA TO A ROTH IRA

- You can convert your traditional IRA (including a SEP-IRA) to a Roth IRA. All individuals, regardless of income, are eligible to convert assets from their traditional IRA to a Roth IRA.
- Income taxes will be due on the taxable amount converted to the Roth IRA.
- An early distribution penalty tax will not be apply should the conversion occur before the investor attains age 59½.

## COMBINING ROTH CONVERSION AND ROTH IRAS

You may want to combine your Roth IRA conversion account with your Roth IRA contributory account. Consolidating your account allows you to receive your Lord Abbett IRA account summary on a single statement. *Lord Abbett will not automatically combine all your IRA accounts. Please contact us at 888-522-2388 if you choose to combine your IRA accounts.*<sup>4</sup>

# ROTH IRA (continued)

## ROLLOVER AND TRANSFER

Assets may be sent directly to Lord Abbett from a designated Roth 401(k), Roth 403(b), Roth 457(b), or another Roth IRA, regardless of your income.

Moving pre-tax assets from a former employer's workplace retirement plan to a Roth IRA is subject to taxation.

### Direct Rollover

Upon retirement or leaving your place of employment, you are eligible to receive a distribution from your workplace retirement plan. Your former employer is required to provide you the option of having your Roth 401(k), Roth 403(b), or Roth 457(b) funds transferred directly to a Roth IRA or another retirement plan that offer a Roth option.

To transfer your account from a Roth 401(k), Roth 403(b), or another workplace retirement plan to a Lord Abbett Roth IRA, follow these steps:

- Complete a Lord Abbett Roth IRA Application.
- Instruct your former employer to make a check payable to "Lord Abbett Funds, IRA For the Benefit Of: [Your Name]" and include your Social Security number, newly assigned IRA account number and "direct rollover" on the check. The check can be sent to you or forwarded directly to Lord Abbett.
- If you are a non-spouse beneficiary of an inherited IRA, you may transfer the account directly to Lord Abbett Roth. A inherited IRA account would be titled, for example, "John Doe, deceased, FBO: John's beneficiary." The asset transfer must come directly to Lord Abbett from the prior account, otherwise it's an ineligible transfer subjecting you to potential taxation.

### Roth IRA Transfers

This occurs when you move your Roth IRA from one financial institution to another.

- You also may have the funds sent to Lord Abbett directly from another IRA custodian.
- If you take receipt of the assets, you generally have 60 days to deposit the funds into a new Roth IRA or be subject to taxation and a potential penalty.

*IRS allows for one 60-day IRA retirement rollover every 365 days. Consult with your tax professional for information.*

**Note:** Neither Lord Abbett or its representatives will provide any advice or recommendation regarding a decision to roll over or transfer assets to a Lord Abbett IRA. Individuals considering whether to roll over or transfer assets from their qualified retirement plan or another IRA should consider, among other things, the differences in fees, expenses, levels of service, and investment options associated with their qualified retirement plan (or such other IRA) and a Lord Abbett IRA. Any decision to roll over retirement assets to a Lord Abbett IRA must be made by you and your advisors independent of Lord Abbett and its representatives.

## WITHDRAWALS

A Roth IRA is not subject to required minimum distributions.

- You may withdraw Roth IRA contributions, excluding earnings, at any time or age, tax-free.
- Distributions, including earnings, may be taken tax-free provided the distribution is a "Qualified Distribution." A Qualified Distribution must satisfy the following requirements: (1) distribution occurs at least five years after the first contribution is made to the Roth IRA and (2) the distribution is made on or after you attained age 59½, disability, death, or the purchase of a first home.
- A distribution, which does not satisfy the requirements for a Qualified Distribution, may be subject to a 10% federal penalty tax (in addition to ordinary income tax on the earnings), unless an exception applies:
  - Substantially equal periodic payments under Section 72(t)
  - Disability
  - Death
  - Cost of your medical insurance while receiving unemployment compensation for more than 12 weeks
  - Unreimbursed medical expenses that are more than 7.5% of your adjusted gross income
  - Qualified Higher Education Expenses
  - First-time home purchase, subject to a lifetime limit of \$10,000
  - IRS levy
  - Qualified Reservist Distribution
  - Qualified Birth or Adoption
  - Domestic Abuse

## DEADLINES FOR TRADITIONAL AND ROTH IRAS

Traditional or Roth IRA contributions can be made at any time through the year. Furthermore, a contribution may be made for the prior tax year as late as your tax-filing deadline of the following year, generally April 15 (not including extensions).

# Additional Information

## 2024 SAVER'S TAX CREDIT

You may be eligible to receive a tax credit for funding your traditional or Roth IRA. The Saver's Credit is a nonrefundable federal income tax credit available to taxpayers with adjusted gross income (AGI) that does not exceed certain limits, as illustrated in the chart below. The maximum annual contribution eligible for the credit is \$2,000 (\$4,000 if married and filing a joint tax return) and the maximum credit is 50%, making the maximum credit \$1,000. (\$2,000 if married and filing jointly).

Tax Credit % <sup>1</sup>	50%	20%	10%	Ineligible for Credit
Married filing jointly	Not to exceed \$47,500	\$47,501 - \$51,000	\$51,001 - \$79,000	Greater than \$79,000
Head of household	Not to exceed \$35,625	\$35,626 - \$38,250	\$38,251 - \$59,250	Greater than \$59,250
Single	Not to exceed \$23,750	\$23,751 - \$25,500	\$25,501 - \$39,500	Greater than \$39,500

## SEP-IRAS

A SEP-IRA is an retirement plan where the business owner makes employer contributions to eligible employees' SEP-IRA accounts.

For 2025, your employer can make a contribution to your SEP-IRA account equal to the lesser of 25% of eligible compensation or \$70,000.

## NO CUSTODIAL FEE

IRA annual custodial fee is waived.\*

\*Lord Abbett will waive (or otherwise pay) the yearly \$10.00 custodial fee that would be charged each year on an ongoing basis to every new IRA account and, therefore, will not assess a custodial account fee. Fund level fees and expenses are still applicable. Please see the current prospectus.

## LORD ABBETT IRA SERVICES

Lord Abbett provides several IRA services that make managing your account easy and convenient.

- For 24-hour account access, view your account online at lordabbett.com.
- To speak with a representative, call 888-522-2388 (Monday - Friday between 8:00 a.m. and 5:30 p.m. ET).
- Lord Abbett will mail you statements providing important account information and activity.
- You will receive written confirmation of all new contributions.
- Individuals with a traditional IRA and or SEP-IRA will receive notification that they must begin taking required minimum distributions upon reaching age 73.

# Important Information

Before opening a Lord Abbett IRA, please read the Lord Abbett IRA Custodial Agreement. Keep this document for your records.

Call Lord Abbett at 888-522-2388 or visit us at [lordabbett.com](http://lordabbett.com) to obtain the following:

- IRA Application
- IRA Custodial Agreement
- SEP-IRA Application
- IRA Transfer Application
- Roth IRA Conversion Form

**THE FOLLOWING TABLE INDICATES WHICH FORMS ARE NECESSARY TO ESTABLISH YOUR IRA.**

Type of IRA	Required Forms		
	Lord Abbett IRA Application and Custodial Agreement	Lord Abbett IRA Transfer Application (to initiate the release of existing assets from another institution)	Lord Abbett Roth IRA Conversion Form
New traditional or Roth IRA	X		
Transfer traditional or Roth IRA	X*	X*	
Transfer rollover IRA	X	X*	
New rollover IRA (traditional or Roth)	X	X	
Transfer a traditional IRA and convert to a Roth IRA	X	X	X
New SEP-IRA	X		
Transfer SEP-IRA	X*	X*	

\*If the IRA receiving the assets has already been established at Lord Abbett, the completion of the IRA Transfer of Asset/Direct Rollover form is the only requirement.

<sup>1</sup>This amount may be adjusted to reflect annual cost-of-living increases by the IRS.

<sup>2</sup>MAGI is your gross income minus those deductions that are available to all taxpayers, even if they do not itemize. Instructions to calculate your MAGI are provided with your income tax Form 1040 or 1040A.

<sup>3</sup>If you are receiving required minimum distributions (RMDs), you may not transfer or roll them over into your IRA (Roth or traditional) or another qualified plan.

<sup>4</sup>Combining a rollover and a contributory IRA may result in the loss of income averaging and capital gains treatment with respect to the rollover assets, if applicable. It also may affect the calculation you may need to perform to exempt your rollover IRA from any claims in the event of bankruptcy. You should consult your tax advisor before combining accounts.

<sup>5</sup>For purposes of the Roth IRA contribution limits, AGI is not reduced by the amount of any deduction taken for a contribution to a traditional IRA for the year, nor does AGI include income from the conversion of a traditional IRA to a Roth IRA.

<sup>6</sup>For married individuals filing separate returns, the income range for reduced contributions generally extends to income of less than \$10,000.

<sup>7</sup>Active participation in an employer-sponsored retirement plan does not reduce the amount you can contribute to a Roth IRA.

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