



Understanding spousal IRAs: A smart retirement strategy for couples

Retirement planning is essential for all families, but it can be especially critical for couples where one spouse earns little to no income. In such cases, a spousal IRA can be an effective and often overlooked tool to help build retirement savings for both partners — even if only one spouse is employed. It's worth taking a closer look at how these accounts work and what the contribution limits are.

A spousal IRA isn't a separate type of account created by the IRS, but rather a strategic use of an existing IRA. It allows a working spouse to contribute to an IRA on behalf of their non-working or low-income spouse. The primary requirement is that the couple must file a joint tax return. As long as the working spouse earns enough to cover both their own contribution and that of their spouse, both partners can take advantage of the retirement savings benefits offered by IRAs.

Amount you can contribute

For 2025, the contribution limit for both traditional and Roth IRAs is \$7,000 per person under the age of 50. Those aged 50 or older can put away an additional \$1,000 as a catch-up contribution, for a total of \$8,000. This means that a married couple can potentially contribute up to \$14,000 (or \$16,000 if both are eligible for catch-up contributions) into their respective IRAs, even if only one spouse has earned income.

The main advantage of a spousal IRA lies in its ability to equalize retirement savings opportunities between spouses. In many households, one spouse may have taken time

off from paid work to raise children, care for an elderly family member or pursue other responsibilities. Without earned income, that spouse would traditionally be excluded from contributing to a retirement account. A spousal IRA changes that by allowing the working spouse to fund both accounts, helping both partners accumulate tax-advantaged savings over time.

Income limits

Spousal IRAs can be opened as either traditional or Roth IRAs, depending on the couple's income and tax goals. Traditional IRAs offer the possibility of a tax deduction in the year the contribution is made, though this is subject to income limits, especially if the working spouse is covered by a workplace retirement plan. On the other hand, Roth IRAs are funded with after-tax dollars, so they don't offer an immediate tax break, but qualified withdrawals in retirement are tax-free. Couples with a modified adjusted gross income under \$236,000 in 2025 can make full contributions to a Roth IRA, with the eligibility phasing out completely at \$246,000.

It's important to note that Roth IRAs aren't subject to required minimum distributions during the original owner's lifetime, while traditional IRAs are.

Setting up a spousal IRA is straightforward. The account must be opened in the name of the non-working spouse, and the couple must ensure that contributions are made by the annual tax filing deadline, generally April 15 of the following year. Many financial institutions offer the option to open and fund these accounts online or with the help of a financial advisor.

Plan for financial security

In summary, a spousal IRA is a valuable financial planning tool that can help ensure both partners are saving adequately for retirement, regardless of employment status. With the increased contribution limits in 2025, this strategy is more powerful than ever for couples looking to maximize their long-term financial security. For tailored advice about retirement planning and taxes, contact us to help guide you based on your unique situation.