

IRA & QUALIFIED PLAN CONTRIBUTION & ELIGIBILITY LIMITS

The following charts provide information on the maximum annual dollar contribution limits; the phase-out limits for Traditional IRA contribution deductibility, modified adjusted gross income limits for Roth IRA contributions and adjusted gross income limits for the Saver's Tax Credit.

[IRS Cost of Living Adjustments \(COLAs\) / Maximum Dollar Limits – pages 1 -2](#)

[IRA Deductibility Phase Out Ranges for Active Participants – pages 2-3](#)

[Roth IRA Contribution Income Eligibility Phase Out Ranges – page 4](#)

[IRS Saver's Tax Credit Phase Out Ranges for Eligibility – page 5](#)

IRS 2019 & 2020 COST OF LIVING ADJUSTMENTS (COLA) & MAXIMUM DOLLAR LIMITS

IRA ACCOUNTS		
Account Type	2020	2019
Traditional & Roth IRA Contribution Limits	\$6,000	\$6,000
IRA Catch-up Contribution Limits (age 50 & up)	\$1,000	\$1,000
Account Type	2020	2019
SEP IRA Participant Minimum Compensation Limit for Contributions	\$600	\$600
SIMPLE IRA Employee Deferral Limits	\$13,500	\$13,000
SIMPLE IRA Catch-up Contributions	\$3,000	\$3,000
401(k), 403(b), SARSEP IRA and 457 Plan Employee Deferral Limits*	\$19,500	\$19,000

EMPLOYER PLANS		
Account Type	2020	2019
401(k), 403(b), SARSEP IRA and 457 Plan Employee Deferral Catch-up Contribution Limits**	\$6,500	\$6,000
Employee Maximum Dollar Contribution Limit (includes Employee Deferrals and Employer Contributions)***	\$57,000	\$56,000
Defined Contribution Plan Employer Contribution Limits	25% of employee compensation	25% of employee compensation
Defined Contribution Plan, SEP, SARSEP and 457 Plan Maximum Compensation Limit**	\$285,000	\$280,000
Defined Benefit Plan Limits- Annual Benefit for Funding	\$230,000	\$225,000

- * SARSEP maximum employee deferral is the lesser of:
- The maximum annual salary deferral contribution limit in effect for the year plus any catch-up contribution if age 50 or older as of the end of the year; *or*
 - 25% of compensation; reduced by any employer contribution but not reduced for catch-up contributions.
- ** Catch-up contributions are not included in the maximum dollar contribution amount limit (415 limit).
- *** Applies to all qualified defined contribution plans (401(k), Profit Sharing and Money Purchase), 403(b) plans, SEP IRA, SARSEP IRA and 457 plans.

IRA DEDUCTIBILITY PHASE OUT RANGES FOR ACTIVE PARTICIPANTS

The following chart provides a snap shot of the adjusted gross income phase-out ranges by marital status.

Using the Chart Below

If Modified Adjusted Gross Income (MAGI) is *below* the Deduction Phase-Out Threshold (often referred to as the bottom of the phase out limit), a full deduction for the contribution is allowed. If MAGI falls *between* the Deduction Phase-Out Threshold and the Deduction Phase-Out Limit (often referred to as the top of the phase-out limit), a *partial deduction* for the contribution is allowed. If MAGI *exceeds* the Deduction Phase-Out Limit, no deduction is allowed for the contribution. A contribution up to the annual contribution limit (or taxable compensation for the year, if less), can still be made even if part or all of the contribution is not deductible. Contributions that are made to a Traditional IRA that cannot be deducted are referred to as “nondeductible contributions”. Nondeductible contributions are reported on IRS **Form 8606**.

For assistance in calculating MAGI, a client may consult his / her tax advisor or see the [IRS Publication 590-A](#), section titled “How Much Can You Deduct?” Guidance on how to calculate the deductibility of a Traditional IRA contribution can also be obtained from *IRS Publication 590 A & B* and the *Form 1040* instructions.

IRA DEDUCTIBILITY PHASE OUT RANGES FOR ACTIVE PARTICIPANTS

TAX FILING STATUS - MARRIED FILING JOINTLY, ACTIVE PARTICIPANT		
Year	Deduction Phase-Out Threshold	Deduction Phase-Out Limit
2020	\$104,000	\$124,000
2019	\$103,000	\$123,000
TAX FILING STATUS - SINGLE		
Year	Deduction Phase-Out Threshold	Deduction Phase Out Limit
2020	\$65,000	\$75,000
2019	\$64,000	\$74,000
TAX FILING STATUS - MARRIED FILING SEPARATELY		
Year	Deduction Phase-Out Threshold	Deduction Phase Out Limit
all years	\$0	\$10,000

Active Participant vs. Non-Active Participant Spouse

If one spouse is considered an Active Participant in an employer plan and the other is not, the spouse that is not covered by an employer plan will not be considered an Active Participant *unless* the couple’s joint MAGI exceeds the special Deduction Phase-Out Threshold for a non-active participant. This amount represents the “bottom” of the threshold amount for married couples where only one spouse is covered by an employer plan. If MAGI falls *between* the special Deduction Phase-Out Threshold and the Deduction Phase-Out Limit (often referred to as the top of the phase-out limit), a *partial deduction* for the contribution is allowed. If MAGI exceeds the special Deduction Phase-Out Limit for married couples where only one spouse is covered by an employer plan, no deduction is allowed for the contribution.

TAX FILING STATUS - MARRIED FILING JOINTLY, NON-ACTIVE PARTICIPANT SPOUSE		
Year	Deduction Phase-Out Threshold	Deduction Phase Out Limit
2020	\$196,000	\$206,000
2019	\$193,000	\$203,000

ROTH IRA CONTRIBUTION INCOME ELIGIBILITY PHASE-OUT RANGES

The following chart provides a snap shot of the adjusted gross income phase-out ranges by marital status for contributing to a Roth IRA.

Using the Chart Above

If Modified Adjusted Gross Income (MAGI) is *below* the Contribution Phase-Out Threshold (often referred to as the bottom of the phase out limit), a full Roth IRA contribution can be made. If MAGI falls *between* the Contribution Phase-Out Threshold and the Contribution Phase-Out Limit (often referred to as the top of the phase-out limit), a partial Roth IRA contribution can be made. If MAGI *exceeds* the Contribution Phase-Out Limit, no Roth IRA contribution can be made.

Additional information and guidance on how to calculate a contribution to a Roth IRA can be obtained from *IRS Publication 590 A & B* and/or the *Form 1040* instructions. A client may also be directed to consult his or her tax advisor

TAX FILING STATUS - MARRIED FILING JOINTLY		
Year	Contribution Threshold	Contribution Phase-Out
2020	\$196,000	\$206,000
2019	\$193,000	\$203,000
TAX FILING STATUS - SINGLE		
Year	Contribution Threshold	Contribution Phase-Out
2020	\$124,000	\$139,000
2019	\$122,000	\$137,000
TAX FILING STATUS - MARRIED FILING SEPARATELY		
Year	Contribution Threshold	Contribution Phase-Out
all years	\$0	\$10,000

SAVER'S TAX CREDIT ELIGIBILITY PHASE-OUT RANGES

The following chart provides a snap shot of the adjusted gross income phase-out ranges by marital status for eligibility for the Saver's Tax Credit.

Eligible persons will receive a non-refundable tax credit of up to 50% on up to \$2,000.00, in contributions to any IRA, Qualified Plan, 403(b), SEP, SIMPLE or 457 plan (i.e. maximum \$1,000.00 credit). The availability of this credit can serve as a significant incentive to lower paid employees to participate in employer 401(k) plans.

[IRS Form 8880](#) is used to calculate and claim the credit and is based on the individual's tax filing status, adjusted gross income (AGI), tax liability and the amount contributed to qualifying retirement programs. The form also includes instructions for calculating the credit.

Tax Filing Status	Adjusted Gross Income for 2020	Adjusted Gross Income for 2019
Single, married filing separately or qualifying widow(er)	\$0 - \$32,500	\$0 - \$32,000
Head of household	\$0 - \$48,750	\$0 - \$48,000
Married filing jointly	\$0 - \$65,000	\$0 - \$64,000

For detailed information on the Saver's Credit please refer to the Retirement Savings Contributions Credit section of the [IRS Publication 590-A](#)