

Retirement Insights

IRS Announces Higher 2019 Retirement Plan Contribution Limits For 401(k)s, IRA's And More

Annual contribution limits for retirement savers are increasing by \$500 next year. While that may not sound like much, the additional money can grow substantially over time. Retirement plan contribution limits are typically adjusted for inflation each year. Since inflation has increased, it's going to push up both retirement plan contribution limits and the IRA contribution limit in 2019.

Employer sponsored retirement plans, like 401(k), 403(b) and 457 plans, will see their contribution limits go up by \$500 from \$18,500 in 2018 to \$19,000 in 2019. If you are age 50 or over, the catch-up contribution limit will stay the same at \$6,000 in both 2018 and 2019. It's important to note that employer match or profit sharing contributions aren't included in these limits.

SIMPLE 401(k) and SIMPLE IRA plans have a lower limit than 401(k) plans. They will also go up by \$500 from \$12,500 in 2018 to \$13,000 in 2019. If you are age 50 or over, the catch-up contribution limit will stay the same at \$3,000 in both 2018 and 2019. As with 401(k)/403(b)/457 plans, employer contributions aren't included in these limits.

Traditional and Roth IRA contribution limits will go up by \$500 from \$5,500 in 2018 to \$6,000 in 2019. The age 50 catch up limit is fixed by law at \$1,000 in all years, so those will not change. The IRA contribution limit and the 401(k)/403b or SIMPLE contribution limit are separate. You can contribute to both a 401k/403b/SIMPLE plan and a traditional or Roth IRA.

In addition to the contribution limits increasing, the income limits for taking the full deduction in a traditional IRA is also increasing. The income limit for taking a full deduction for your contribution to a traditional IRA *while participating in a workplace retirement plan* will increase by \$1,000 for singles, to \$64,000 in 2019, and it will increase by \$2,000 for married filing jointly, to \$103,000 in 2019. The deduction completely phases

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out when your income goes above \$74,000 in 2019 for singles; and \$123,000 in 2019 for married filing jointly.

The income limit for taking a full **deduction** for your contribution to a traditional IRA *when you are not covered in a workplace retirement plan but your spouse is* will go up by \$4,000 for married filing jointly to \$193,000 in 2019. The deduction completely phases out when your income goes above \$203,000 in 2019 for married filing jointly. Those with neither spouse covered by a workplace retirement plan have no income limits for deductibility.

The income limit for **contributing** the maximum to a Roth IRA will go up by \$2,000 for singles to \$122,000 in 2019. It will go up by \$4,000 for married filing jointly to \$193,000 in 2019. You can't contribute anything directly to a Roth IRA when your income goes above \$137,000 in 2019 for singles and \$203,000 in 2019 for married filing jointly, up by \$2,000 and \$4,000 respectively in 2019.

	2018	2019	Increase
Limit on employee contributions to 401k, 403b, or 457 plan	\$18,500	\$19,000	\$500
Limit on age 50+ catchup contributions to 401k, 403b, or 457 plan	\$6,000	\$6,000	None
SIMPLE 401k or SIMPLE IRA contributions limit	\$12,500	\$13,000	\$500
SIMPLE 401k or SIMPLE IRA age 50+ catchup contributions limit	\$3,000	\$3,000	None
Maximum annual additions to all defined contribution plans by the same employer	\$55,000	\$56,000	\$1,000
Traditional and Roth IRA contribution limit	\$5,500	\$6,000	\$500
Traditional and Roth IRA age 50+ catchup contribution limit	\$1,000	\$1,000	None
Deductible IRA income limit, active participant in workplace retirement plan, single	\$63,000 - \$73,000	\$64,000 - \$74,000	\$1,000
Deductible IRA income limit, active participant in workplace retirement plan, married filing jointly	\$101,000 - \$121,000	\$103,000 - \$123,000	\$2,000
Deductible IRA income limit, spouse is active participant in workplace retirement plan	\$189,000 - \$199,000	\$193,000 - \$203,000	\$4,000
Roth IRA income limit, single	\$120,000 - \$135,000	\$122,000 - \$137,000	\$2,000
Roth IRA income limit, married filing jointly	\$189,000 - \$199,000	\$193,000 - \$203,000	\$4,000

Remember that it is not too late to maximize your retirement contributions for 2018. You have until the end of the calendar year to fund your company retirement plan contributions through your payroll deferrals and until Monday, April 15, 2019 to fund your traditional or Roth IRA.

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