

2019 Retirement Plan Contribution Limits

The Treasury Department announced the inflation-adjusted figures for retirement account savings for 2019, and there's extra room for savings for wage and salary types and the self-employed. If you have a 401(k), a SEP-IRA, or a SIMPLE you have the option, if you can swing it, to bump your contributions to the new max. Contact your Klaas Financial representative for more information. **Here are the details.**

401(k)s. The annual contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan, is \$19,000 for 2019, up from \$18,500 in 2018.

The 401(k) Catch-Up. The catch-up contribution limit for employees age 50 or older in these plans remains at \$6,000 for 2019. Even if you don't turn 50 until Dec. 31, 2019, you can make the additional \$6,000 catch-up contribution for the year.

SEP IRAs and Solo 401(k)s. For the self-employed and small business owners, the amount they can save in a SEP IRA or a solo 401(k) goes up from \$55,000 in 2018 to \$56,000 in 2019. That's based on the amount they can contribute as an employer, as a percentage of their salary; the new compensation limit used in the savings calculation is \$280,000 in 2019, up from \$275,000 in 2018.

The SIMPLE IRA. The contribution limit on SIMPLE retirement accounts is \$13,000 for 2019, up from \$12,500 in 2018. The catch-up limit remains at \$3,000.

Defined Benefit Plans. The limitation on the annual benefit of a defined benefit plan increases to \$225,000 in 2019 (up from \$220,000 in 2018). These are powerful pension plans (an individual version of the kind that used to be more common in the corporate world before 401(k)s took over) for high-earning self-employed folks.

IRAs. The limit for annual contributions to an Individual Retirement Account is \$6,000 for 2019, up from \$5,500 in 2018. The catch-up contribution limit remains at \$1,000. Remember that 2019 IRA contributions can be made until April 15, 2020.

Deductible IRA phase-outs. You can earn a little more in 2019 and get to deduct your contributions to a traditional pre-tax IRA. Note, even if you earn too much to get a deduction for contributing to an IRA, you can still contribute; it's just non-deductible.

Information gathered from forbes.com

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2019 Retirement Plan Contribution Limits *(continued)*

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Deductible IRA phase-outs (continued). In 2019, the deduction for taxpayers making contributions to a traditional IRA is phased out for singles and heads of household who are covered by a workplace retirement plan and have modified adjusted gross incomes (AGI) between \$64,000 and \$74,000, up from \$63,000 and \$73,000 in 2018. For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out range is \$103,000 to \$123,000, up from \$101,000 to \$121,000 in 2018. For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$193,000 and \$203,000, up from \$189,000 and \$199,000 in 2018. For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

Roth IRA phase-Outs. In 2019, the AGI phase-out range for taxpayers making contributions to a Roth IRA is \$193,000 to \$203,000 for married couples filing jointly, up from \$189,000 to \$199,000 in 2018. For singles and heads of household, the income phase-out range is \$122,000 to \$137,000, up from \$120,000 to \$135,000 in 2018.

If you earn too much to open a Roth IRA, you can open a nondeductible IRA and convert it to a Roth IRA as Congress lifted any income restrictions for Roth IRA conversions. To learn more about the backdoor Roth, see *How A High-Earner Couple Got A Roth IRA And You Can Too* (bit.ly/forbes-roth).

The Saver's Credit. The 2019 AGI limit for the saver's credit (also known as the retirement savings contribution credit) for low- and moderate-income workers is \$64,000 for married couples filing jointly, up from \$63,000 in 2018; \$48,000 for heads of household, up from \$47,250; and \$32,000 for married individuals filing separately and for singles, up from \$31,500 in 2018.

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