

2015 Retirement Plan Contribution Limits

The Treasury Department announced the inflation-adjusted figures for retirement account savings for 2015, 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 \$18,000 for 2015, up from \$17,500 in 2013 and 2014.

The 401(k) Catch-Up. The catch-up contribution limit for employees age 50 or older in these plans goes up to \$6,000 for 2015, up from \$5,500. Even if you don't turn 50 until Dec. 31, 2015, 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 \$52,000 in 2014 to \$53,000 in 2015. 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 \$265,000, up from \$260,000.

The SIMPLE IRA. The contribution limit on SIMPLE retirement accounts for 2015 is \$12,500, up from \$12,000 in 2014. The SIMPLE catch-up limit is \$3,000, up from \$2,500 in 2014.

Defined Benefit Plans. The limitation on the annual benefit of a defined benefit plan remains unchanged at \$210,000 in 2014. 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 \$5,500 limit on annual contributions to an Individual Retirement Account remains the same for 2015, the third year in a row. Blame low inflation. The catch-up contribution limit, which is not subject to inflation adjustments, remains at \$1,000. (Remember that 2014 IRA contributions can be made until April 15th, 2015.)

Deductible IRA phase-outs. You can earn a little more in 2015 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.

[continued...]

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Deductible IRA phase-outs (continued). In 2015, 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 \$61,000 and \$71,000, up from \$60,000 and \$70,000 in 2014. 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 \$98,000 to \$118,000, up from \$96,000 to \$118,000. 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 \$183,000 and \$193,000, up from \$181,000 and \$191,000. 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 2015, the AGI phase-out range for taxpayers making contributions to a Roth IRA is \$183,000 to \$193,000 for married couples filing jointly, up from \$181,000 to \$191,000 in 2014. For singles and heads of household, the income phase-out range is \$116,000 to \$131,000, up from \$114,000 to \$129,000.

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](#).

The Saver's Credit. The 2015 AGI limit for the saver's credit (also known as the retirement savings contribution credit) for low- and moderate-income workers is \$61,000 for married couples filing jointly, up from \$60,000 in 2014; \$45,750 for heads of household, up from \$45,000; and \$30,500 for married individuals filing separately and for singles, up from \$30,000.

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