

2024 Retirement Plan Contribution Limits

The Treasury Department announced the inflation-adjusted figures for retirement account savings for 2024, and there's extra room for savings for wage- and salary-earners 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.**

Item	IRC Reference	2023 Limit	2024 Limit
401(k) and 403(b) Employee Deferral Limit ¹	402(g)(1)	\$22,500	\$23,000
457 Employee Deferral Limit	457(e)(15)	\$22,500	\$23,000
Catch-Up Contribution ²	414(v)(2)(B)(i)	\$7,500	\$7,500
SIMPLE IRA Contribution Dollar Limit	408(p)	\$15,500	\$16,000
SIMPLE IRA Catch-Up Contribution	408(p)	\$3,500	\$3,500
Defined Contribution Dollar Limit	415(c)(1)(A)	\$66,000	\$69,000
Defined Benefit Dollar Limit	415(b)(1)(A)	\$265,000	\$275,000
Compensation Limit ³	401(a)(17); 404(l)	\$330,000	\$345,000
Highly Compensated Employee Income Limit ⁴	414(q)(1)(B)	\$150,000	\$155,000
Key Employee Officer	416(i)(1)(A)(i)	\$215,000	\$220,000
Social Security Taxable Wage Base		\$160,200	\$168,600

¹ Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit. A lower limit applies to SIMPLE plans.

² Available to employees age 50 or older during the calendar year. A lower limit applies to SIMPLE plans. See separate information in table regarding SIMPLE IRAs.

³ All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.

⁴ For the 2024 plan year, an employee who earns more than \$150,000 in 2023 is an HCE. For the 2025 plan year, an employee who earns more than \$155,000 in 2024 is an HCE.

Information gathered from [irs.gov](https://www.irs.gov), where you can obtain [additional information](#).

We provide you this information with the understanding that we are not rendering legal, accounting, or tax advice. Please consult your legal or tax advisor concerning such matters.



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Qualified Retirement Plans. 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 \$23,000 for 2024, up from \$22,500 in 2023.

Catch-Up Contributions. The catch-up contribution limit for employees age 50 or older in these plans is \$7,500 in 2024. Even if you don't turn 50 until Dec. 31, 2024, you can make the additional \$7,500 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) is \$69,000, up from \$66,000 in 2023. 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 \$345,000 in 2024, up from \$330,000 in 2023.

The SIMPLE IRA. The contribution limit on SIMPLE retirement accounts is \$16,000 in 2024, up from \$15,500 in 2023, and the catch-up limit for employees age 50 or older will remain at \$3,500 for 2024.

Defined Benefit Plans. The limitation on the annual benefit of a defined benefit plan is \$275,000 in 2024, up from \$265,000 in 2023. 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 \$7,000 for 2024, up from \$6,500 in 2023, and the catch-up contribution limit remains \$1,000. Remember that 2023 IRA contributions can be made until April 15, 2024.

Deductible IRA phase-outs. You can earn a little more in 2024 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.

In 2024, 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 (MAGI) between \$77,000 and \$87,000, up from \$73,000 and \$83,000 in 2023. 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 \$123,000 to \$143,000, up from \$116,000 to \$136,000 in 2023. 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 \$230,000 and \$240,000, up from \$218,000 to \$228,000 in 2023. 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 2024, the MAGI phase-out range for taxpayers making contributions to a Roth IRA is \$230,000 to \$240,000 for married couples filing jointly, up from \$218,000 to \$228,000 in 2023. For singles and heads of household, the income phase-out range is \$146,000 to \$161,000, up from \$138,000 to \$153,000 in 2023.

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 2024 MAGI limit for the saver's credit (also known as the retirement savings contribution credit) for low- and moderate-income workers is \$74,000 for married couples filing jointly, up from \$73,000 in 2023; \$57,375 for heads of household, up from \$54,750; and \$38,250 for married individuals filing separately and for singles, up from \$36,500 in 2023.

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