



## IRS ANNOUNCES PENSION PLAN LIMITATIONS FOR 2023 AND OTHER ADJUSTMENTS

The Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans. Code §415 requires the limits to be adjusted annually for cost-of-living increases if statutory thresholds are met. **The IRS announced on October 21, 2022 cost-of-living adjustments applicable to dollar limitations for pension plans and other retirement-related items for tax year 2023. Some employee contribution limits remain unchanged.**

Please refer to the following IRS site for additional information:

<https://www.irs.gov/newsroom/401k-limit-increases-to-22500-for-2023-ira-limit-rises-to-6500>

Code Section	Past Calendar Years				
	2023	2022	2021	2020	2019
IRAs					
IRA Contribution Limit - 219(b)(5)(A)	6,500	6,000	6,000	6,000	6,000
IRA Catch-Up Contributions - 219(b)(5)(B) - over age 50	1,000	1,000	1,000	1,000	1,000
Traditional IRA Deduction Phase-out: Modified Adjusted Gross Income (AGI) starting at:					
Married Couples Filing Joint Return *	116,000	109,000	105,000	104,000	103,000
Single or Head of Household *	73,000	68,000	66,000	65,000	64,000
Roth IRA Phase-out for making contributions: Modified Adjusted Gross Income (AGI) starting at:					
Married Couples Filing Joint Return *	218,000	204,000	198,000	196,000	193,000
Single or Head of Household *	138,000	129,000	125,000	124,000	122,000
SEP Plans					
SEP Minimum Compensation - 408(k)(2)(C)	750	650	650	600	600
SEP Maximum Compensation - 408(k)(3)(C)	330,000	305,000	290,000	285,000	280,000
SIMPLE Plans					
SIMPLE Elective Deferral Contributions - 408(p)(2)(E)	15,500	14,000	13,500	13,500	13,000
SIMPLE Catch-up Contributions - 414(v)(2)(B)(ii)	3,500	3,000	3,000	3,000	3,000
401(k), 403(b), Profit-Sharing Plans, etc.					
Maximum Annual Compensation - 401(a)(17)/404(l)	330,000	305,000	290,000	285,000	280,000
401(k) Elective Deferrals - 402(g)(1) - Aggregate Total Pre-Tax and/or Roth	22,500	20,500	19,500	19,500	19,000
Catch-up Contributions - 414(v)(2)(B)(i) - over age 50	7,500	6,500	6,500	6,500	6,000
Defined Contribution Plans - Annual Contribution Limit - 415(c)(1)(A)	66,000	61,000	58,000	57,000	56,000
ESOP Limits - 409(o)(1)(C) - for determining max act balance in an ESOP subject to 5-year distrib period & determine lengthening of 5-year distrib period.	1,330,000	1,230,000	1,165,000	1,150,000	1,130,000
	265,000	245,000	230,000	230,000	225,000
Other Limits					
HCE Compensation Threshold - 414(q)(1)(B)	150,000	135,000	130,000	130,000	125,000
Defined Benefit Limits - 415(b)(1)(A)	265,000	245,000	230,000	230,000	225,000
Key Employee (Officer) Threshold - 416(i)(1)(A)(i)	215,000	200,000	185,000	185,000	180,000
457 Elective Deferrals - 457(e)(15)	22,500	20,500	19,500	19,500	19,000
Social Security Taxable Wage Base	160,200	147,000	142,800	137,700	132,900

\* Please see additional information on next page regarding IRA contribution related phase-out ranges and AGI limits for saver's credit.

**Traditional IRA contribution phase-out ranges: you can make an IRA contribution but how much is deductible for tax purposes?**

\* If neither spouse of a married couple (or a single individual) is considered "covered" by a workplace retirement plan (ie, no contributions, made by either the employee or employer, or re-allocated forfeitures have been made or allocated to his/her plan accounts) - then 100% of an IRA contribution is deductible. In this situation, there are NO income limits

\* If only one spouse of a married couple is considered "covered" by a workplace retirement plan (the other spouse is NOT "covered" by a plan) - then the deductibility of a Traditional IRA contribution by the non-"covered" spouse has a different phase-out range.

\* If the Modified Adjusted Gross Income is within the phase-out range, then only a portion of the IRA contribution is deductible - with the amount deductible decreasing as you approach the ending limit.

	2023	2023	2022	2022
	Starting point for phase out - full deduction under this limit	Ending point for phase out - no deduction if equal to or above this limit	Starting point for phase out - full deduction under this limit	Ending point for phase out - no deduction if equal to or above this limit
Traditional IRA Deduction Phase-out - Modified Adjusted Gross Income (AGI) starting at:				
Married Couples Filing Joint Return (or qualifying widow(er)) - both spouses are "covered" by a workplace retirement plan	116,000	136,000	109,000	129,000
Married Couples Filing Joint Return (or qualifying widow(er)) - one spouse is "covered" by a workplace retirement plan / phase-out range for deductibility of IRA contribution made by spouse NOT "covered"	218,000	228,000	204,000	214,000
Single or Head of Household - "covered" by a workplace retirement plan	73,000	83,000	68,000	78,000

**ROTH IRA contribution phase-out ranges: you may or may not be able to make a full or partial contribution to a Roth IRA.**

	2023	2023	2022	2022
	Starting point for phase out - full contribution under this limit	Ending point for phase out - no contribution if equal to or above this limit	Starting point for phase out - full contribution under this limit	Ending point for phase out - no contribution if equal to or above this limit
Roth IRA Phase-out for making contributions - Modified Adjusted Gross Income (AGI) starting at:				
Married Couples Filing Joint Return	218,000	228,000	204,000	214,000
Single or Head of Household	138,000	153,000	129,000	144,000

**AGI Limit for saver's credit (also known as the retirement savings contribution credit) for the low- and moderate-income workers (sections 25B(b)(1)(C) & 25B(b)(1)(D)):**

	2023	2022
Married Couples Filing Joint Return	73,000	68,000
Head of Household	54,750	51,000
Married Individuals Filing Separately and Singles	36,500	34,000

Please also refer to the following IRS sites for more information on the savers credit:  
<http://www.irs.gov/Credits-&-Deductions>

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