



IRS ANNOUNCES PENSION PLAN LIMITATIONS FOR 2024 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 November 1, 2023 cost-of-living adjustments applicable to dollar limitations for pension plans and other retirement-related items for tax year 2024. 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-23000-for-2024-ira-limit-rises-to-7000>

| Code Section | Past Calendar Years | | | | |
|--|---------------------|-----------|-----------|-----------|-----------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| IRAs | | | | | |
| IRA Contribution Limit - 219(b)(5)(A) | 7,000 | 6,500 | 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 * | 123,000 | 116,000 | 109,000 | 105,000 | 104,000 |
| Single or Head of Household * | 77,000 | 73,000 | 68,000 | 66,000 | 65,000 |
| Roth IRA Phase-out for making contributions: Modified Adjusted Gross Income (AGI) starting at: | | | | | |
| Married Couples Filing Joint Return * | 230,000 | 218,000 | 204,000 | 198,000 | 196,000 |
| Single or Head of Household * | 146,000 | 138,000 | 129,000 | 125,000 | 124,000 |
| SEP Plans | | | | | |
| SEP Minimum Compensation - 408(k)(2)(C) | 750 | 750 | 650 | 650 | 600 |
| SEP Maximum Compensation - 408(k)(3)(C) | 345,000 | 330,000 | 305,000 | 290,000 | 285,000 |
| SIMPLE Plans | | | | | |
| SIMPLE Elective Deferral Contributions - 408(p)(2)(E) | 16,000 | 15,500 | 14,000 | 13,500 | 13,500 |
| SIMPLE Catch-up Contributions - 414(v)(2)(B)(ii) | 3,500 | 3,500 | 3,000 | 3,000 | 3,000 |
| 401(k), 403(b), Profit-Sharing Plans, etc. | | | | | |
| Maximum Annual Compensation - 401(a)(17)/404(l) | 345,000 | 330,000 | 305,000 | 290,000 | 285,000 |
| 401(k) Elective Deferrals - 402(g)(1) - Aggregate Total Pre-Tax and/or Roth | 23,000 | 22,500 | 20,500 | 19,500 | 19,500 |
| Catch-up Contributions - 414(v)(2)(B)(i) - over age 50 | 7,500 | 7,500 | 6,500 | 6,500 | 6,500 |
| Defined Contribution Plans - Annual Contribution Limit - 415(c)(1)(A) | 69,000 | 66,000 | 61,000 | 58,000 | 57,000 |
| 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. | 1,380,000 | 1,330,000 | 1,230,000 | 1,165,000 | 1,150,000 |
| | 275,000 | 265,000 | 245,000 | 230,000 | 230,000 |
| Other Limits | | | | | |
| HCE Compensation Threshold - 414(q)(1)(B) | 155,000 | 150,000 | 135,000 | 130,000 | 130,000 |
| Defined Benefit Limits - 415(b)(1)(A) | 275,000 | 265,000 | 245,000 | 230,000 | 230,000 |
| Key Employee (Officer) Threshold - 416(i)(1)(A)(i) | 220,000 | 215,000 | 200,000 | 185,000 | 185,000 |
| 457 Elective Deferrals - 457(e)(15) | 23,000 | 22,500 | 20,500 | 19,500 | 19,500 |
| Social Security Taxable Wage Base | 168,600 | 160,200 | 147,000 | 142,800 | 137,700 |

* 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.

| | 2024 | 2024 | 2023 | 2023 |
|---|--|---|--|---|
| | 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 | 123,000 | 143,000 | 116,000 | 136,000 |
| 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" | 230,000 | 240,000 | 218,000 | 228,000 |
| Single or Head of Household - "covered" by a workplace retirement plan | 77,000 | 87,000 | 73,000 | 83,000 |

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

| | 2024 | 2024 | 2023 | 2023 |
|---|---|--|---|--|
| | 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 | 230,000 | 240,000 | 218,000 | 228,000 |
| Single or Head of Household | 146,000 | 161,000 | 138,000 | 153,000 |

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)):

| | 2024 | 2023 |
|---|--------|--------|
| Married Couples Filing Joint Return | 76,500 | 73,000 |
| Head of Household | 57,375 | 54,750 |
| Married Individuals Filing Separately and Singles | 38,250 | 36,500 |

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

Qualified Charitable Distribution (QCD): A distribution option that can only be made from an IRA. A QCD allows for the direct transfer of funds from the IRA to a qualified charity (donation) that is excluded from taxes and can count towards satisfying an RMD. QCDs are most often made from Traditional (Pre-Tax) IRA accounts.

| | 2024 | 2023 |
|---|---------|---------|
| Age 70½ or older - potential maximum amount for QCD | 105,000 | 100,000 |

**For more information,
call us at (262) 522-7400
or visit www.waukeshabank.com**



Not FDIC Insured | Not Guaranteed By The Bank | Not A Deposit
May Go Down In Value | Not Insured By Any Federal Government Agency