



# Retirement Plan Limits

## IRS LIMITS ON RETIREMENT BENEFITS AND COMPENSATION

As published in IRS News Release IR-2020-79, Oct. 26, 2020

	2021	2020	2019
<b>401(k), 403(b), 457 Elective Deferral Limit</b>	\$19,500	\$19,500	\$19,000
<b>Catch-Up Contribution Limit (age 50 and older)</b>	\$6,500	\$6,500	\$6,000
<b>Annual Compensation Limit</b>	\$290,000	\$285,000	\$280,000
<b>Defined Contribution Limit</b>	\$58,000	\$57,000	\$56,000
<b>Defined Benefit Limit</b>	\$230,000	\$230,000	\$225,000
<b>Definition of Highly Compensated Employee</b>	\$130,000	\$130,000	\$125,000
<b>Key Employee</b>	\$185,000	\$185,000	\$180,000
<b>IRA Contribution Limit</b>	\$6,000	\$6,000	\$6,000
<b>IRA Catch-Up Contributions (age 50 and older)</b>	\$1,000	\$1,000	\$1,000

For more information about retirement plan limits, please contact your financial professional, or [click here](#).

## HIGHLIGHTS OF CHANGES FOR 2021

The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan has remained unchanged at \$19,500.

The catch-up contribution limit for employees aged 50 and over who participate in these plans remains unchanged at \$6,500.

The limitation regarding SIMPLE retirement accounts for 2021 remains unchanged at \$13,500.

The income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Arrangements (IRAs), to contribute to Roth IRAs and to claim the Saver's Credit all increased for 2021.

Taxpayers can deduct contributions to a traditional IRA if they meet certain conditions. If during the year either the taxpayer or his or her spouse was covered by a retirement plan at work, the deduction may be reduced, or phased out, until it is eliminated, depending on filing status and income. (If neither the taxpayer nor his or her spouse is covered by a retirement plan at work, the phase-outs of the deduction do not apply.)

Here are the phase-out ranges for 2021:

- For single taxpayers covered by a workplace retirement plan, the phase-out range is \$66,000 to \$76,000, up from \$65,000 to \$75,000.
- For married couples filing jointly, where the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is \$105,000 to \$125,000, up from \$104,000 to \$124,000.
- 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 \$198,000 and \$208,000, up from \$196,000 and \$206,000.
- 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.

The income phase-out range for taxpayers making contributions to a Roth IRA is \$125,000 to \$140,000 for singles and heads of household, up from \$124,000 to \$139,000. For married couples filing jointly, the income phase-out range is \$198,000 to \$208,000, up from \$196,000 to \$206,000. The phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

The income limit for the Saver's Credit (also known as the Retirement Savings Contributions Credit) for low- and moderate-income workers is \$66,000 for married couples filing jointly, up from \$65,000; \$49,500 for heads of household, up from \$48,750; and \$33,000 for singles and married individuals filing separately, up from \$32,500.

### Key limit remains unchanged

The limit on annual contributions to an IRA remains unchanged at \$6,000. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains \$1,000.

Details on these and other retirement-related cost-of-living adjustments for 2021 are in [Notice 2020-79 \(PDF\)](#), available on [IRS.gov](https://www.irs.gov). RPAG is not in the business of providing legal advice with respect to ERISA or any other applicable law. The materials and information do not constitute, and should not be relied upon as, legal advice. The materials are general in nature and intended for informational purposes only.

REGISTERED REPRESENTATIVE, SECURITIES OFFERED THROUGH CAMBRIDGE INVESTMENT RESEARCH, INC., A BROKER/DEALER, MEMBER FINRA/SIPC. INVESTMENT ADVISOR REPRESENTATIVE, CAMBRIDGE INVESTMENT RESEARCH ADVISORS, INC., A REGISTERED INVESTMENT ADVISOR. CAMBRIDGE AND PIERCE FINANCIAL ARE NOT AFFILIATED.