

CONTRIBUTION LIMITS

We want to be sure that you are up-to-date about all legislative changes that affect your company's employer-sponsored retirement plan. The IRS has released the 2024 contribution limits. The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased to \$23,000, up from \$22,500 for 2023.

The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan remains \$7,500 for 2024. Therefore, participants in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan who are 50 and older can contribute up to \$30,500, starting in 2024.

Below are highlights of the 2024 limits. The limits that changed are in bold font.

Contribution/Benefit Limit	2024	2023
Elective Deferral Limit - 401k, 403b, most 457, and federal government plans	\$23,000	\$22,500
Age 50 Catch-Up Contribution Limit	\$7,500	\$7,500
Elective Deferral Limit - Simple Plans	\$16,000	\$15,500
Age 50 Catch-Up Contribution Limit – Simple plans	\$3,500	\$3,500
Defined Contribution - Dollar Limit	\$69,000	\$66,000
Defined Benefit - Dollar Limit	\$275,000	\$265,000
Covered Compensation Limit	\$345,000	\$330,000
Definition of Highly Compensated Employee	\$155,000	\$150,000
Key Employee Compensation Threshold	\$220,000	\$215,000
Social Security Taxable Wage Base	\$168,600	\$160,200
Annual Contribution Limit - IRA	\$6,500	\$6,000
IRA Catch-up Contribution	\$1,000	\$1,000

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 2024.

Taxpayers can deduct contributions to a traditional IRA if they meet certain conditions. If during the year either the taxpayer or the taxpayer's 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 the spouse is covered by a retirement plan at work, the phase-outs of the deduction do not apply.)

Phase-out ranges for 2024:

For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to between \$77,000 and \$87,000, up from between \$73,000 and \$83,000.

For married couples filing jointly, if the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is increased to between \$123,000 and \$143,000, up from between \$116,000 and \$136,000.

For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the phase-out range is increased to between \$230,000 and \$240,000, up from between \$218,000 and \$228,000.

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 increased to between \$146,000 and \$161,000 for singles and heads of household, up from between \$138,000 and \$153,000. For married couples filing jointly, the income phase-out range is increased to between \$230,000 and \$240,000, up from between \$218,000 and \$228,000. 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 between \$0 and \$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 \$76,500 for married couples filing jointly, up from \$73,000; \$57,375 for heads of household, up from \$54,750; and \$38,250 for singles and married individuals filing separately, up from \$36,500.

The amount individuals can contribute to their SIMPLE retirement accounts is increased to \$16,000, up from \$15,500.

The catch-up contribution limit for employees 50 and over who participate in SIMPLE plans remains \$3,500 for 2024.

The limit on annual contributions to an IRA increases from \$6,000 to \$6,500. The IRA catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains \$1,000.

AHT Retirement Services

Patrick Tschetter

patrick.tschetter@ahtins.com

206-336-2986

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