

2020 IRA and Pension Plan Limitations

The 2020 IRA and pension plan limitations have been announced. Below are some of the more common amounts for 2020.

The defined benefit plan limitation remains at \$230,000 (\$225,000 for 2019).

The defined contribution plan maximum remains at \$57,000 (\$56,000 for 2019).

The annual compensation limit for most employer contributions is \$285,000 (\$280,000 for 2019).

The Retirement Savers Credit is completely phased out at: MFJ = \$65,000, HH = 48,750, and all others = \$32,500 (up from \$64,000, \$48,000, and \$32,000 respectively for 2019).

A year of service for SEP coverage remains at \$600.

The maximum elective deferral for §401(k), §403(b), §457, and SARSEPs is \$19,500 (up from \$19,000 for 2019). The catchup contribution limit for those aged 50 or older as of the end of the year is \$6,500 (up from \$6,000 for 2019).

The maximum elective deferral to SIMPLE plans increases to \$13,500 (up from \$13,000 for 2019). The catch-up maximum remains at \$3,000.

The maximum contribution to IRAs remains at \$6,000. The catch-up for IRAs is not subject to annual indexing and remains at \$1,000.

The modified AGI phase-out ranges are: \$65,000-\$75,000 (up from \$64,000-\$74,000); MFJ = \$104,000-\$124,000 (up from \$103,000-\$123,000); and MFJ when the taxpayer is not covered but the spouse is = \$196,000-\$206,000 (up from \$193,000-\$203,000).

Roth IRA AGI phase-out limits increase to \$124,000-\$139,000 (up from \$122,000-\$137,000). For MFJ these amounts are \$196,000-\$206,000 (up from \$193,000-\$203,000).

The definition of highly compensation for purposes of section 414(q)(1)(B) increases to \$130,000 (up from \$125,000).

The IRS News Release also has the other pension related indexed amounts such as key employee, top heavy, and “control employee” limits.

A copy of Notice 2019-59 can be found at www.irs.gov/pub/ by clicking on irs-drop and then clicking on n-2019-59.

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