

## 2021 IRA and Pension Plan Limitations

The 2021 IRA and pension plan limitations have been announced. Below are some of the more common amounts for 2021.

The defined benefit plan limitation remains at \$230,000.

The defined contribution plan maximum increases to \$58,000 (\$57,000 for 2020).

The annual compensation limit for the calculation of most employer contributions is \$290,000 (\$285,000 for 2020).

The Retirement Savers Credit is completely phased out at: MFJ = \$66,000, HH = 49,500, and all others = \$33,000 (up from \$65,000, \$48,750, and \$32,500 respectively for 2020).

A year of service for SEP coverage increases to \$650 (\$600 for 2020).

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

The maximum elective deferral to SIMPLE plans remains at \$13,500. 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: \$66,000-\$76,000 (up from \$65,000-\$75,000); MFJ = \$105,000-\$125,000 (up from \$104,000-\$124,000); and MFJ when the taxpayer is not covered but the spouse is = \$198,000-\$208,000 (up from \$196,000-\$206,000).

Roth IRA AGI phase-out limits increase to \$125,000-\$140,000 (up from \$124,000-\$139,000). For MFJ these amounts are \$198,000-\$208,000 (up from \$196,000-\$206,000).

The definition of highly compensation for purposes of section 414(q)(1)(B) remains at \$130,000.

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 2020-79 can be found at [www.irs.gov/pub/](http://www.irs.gov/pub/) by clicking on irs-drop and then clicking on n-2020-79.

This text has been shared as a courtesy of: David & Mary Mellem, EAs & Ashwaubenon Tax Professionals, 920-496-1065 (fax 920-496-9111).

©2020 Ashwaubenon Tax Professionals. No reproduction of this article is permitted without the express consent of Ashwaubenon Tax Professionals, 2140 Holmgren Way, Suite 1040, Green Bay, WI 54304.

If you would like to be removed from our email list, send us an email with UNSUBSCRIBE in the subject line. If someone would like to be added to our email list, have them send us an email with SUBSCRIBE in the subject line.