

2023 IRA and Pension Plan Limitations

The 2023 IRA and pension plan limitations have been announced. Below are some of the more common amounts for 2023.

The defined benefit plan limitation is \$265,000 (up from \$245,000 for 2022).

The defined contribution plan maximum increases to \$66,000 (up from \$61,000).

The annual compensation limit for the calculation of most employer contributions is \$330,000 (up from \$305,000).

The Retirement Savers Credit is completely phased out at: MFJ = \$73,000 (up from \$68,000), HH = \$54,750 (up from \$51,000), and all others = \$36,500 (up from \$34,000).

A year of service for SEP coverage remains at \$750.

The maximum elective deferral for §401(k), §403(b), §457, and SARSEPs is \$22,500 (up from \$20,500 for 2021). The catchup contribution limit for those aged 50 or older as of the end of the year is \$7,500 (up from \$6,500).

The maximum elective deferral to SIMPLE plans is \$15,500 (up from \$14,000). The catch-up maximum is \$3,500 (up from \$3,000).

The maximum contribution to IRAs is \$6,500 (up from \$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: \$73,000-\$83,000 (up from \$68,000-\$78,000); MFJ = \$116,000-\$136,000 (up from \$109,000-\$129,000); and MFJ when the taxpayer is not covered but the spouse is = \$218,000-\$228,000 (up from \$204,000-\$214,000).

Roth IRA AGI phase-out limits increase to \$138,000-\$153,000 (up from \$129,000-\$144,000). For MFJ these amounts are \$218,000-\$228,000 (up from \$204,000-\$214,000).

The definition of highly compensation for purposes of section 414(q)(1)(B) is \$150,000 (up from 135,000).

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

A copy of Notice 2022-55 can be found at www.irs.gov/pub/ by clicking on irs-drop and then clicking on n-2022-55.

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