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Commco Comments

Timely Information and Updates for Employers and Retirement Plan Sponsors

2019 Retirement Planning Key Numbers

The Internal Revenue Service and Social Security Administration have announced the retirement plan benefit limits for 2019. Many of the retirement planning limitations will see an increase in the coming year, including salary deferral limits to employer-sponsored plans and contribution limits to individual accounts. Also important to note, income phase-out ranges for IRA contributions are increasing across all tax filing categories.

Salary Deferral Limits	2018	2019
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs	Lesser of $18,500 or 100% of compensation, plus $6,000 "catch up" if age 50 or older	Lesser of $19,000 or 100% of compensation, plus $6,000 "catch up" if age 50 or older
SIMPLE 401(k) plans and SIMPLE IRA plans	Lesser of $12,500 or 100% of compensation, plus $3,000 "catch up" if age 50 or older	Lesser of $13,000 or 100% of compensation, plus $3,000 "catch up" if age 50 or older

IRA Contribution Limits	2018	2019
Traditional and Roth IRAs	Lesser of $5,500 or 100% of earned income, plus $1,000 "catch up" if age 50 or older	Lesser of $6,000 or 100% of earned income, plus $1,000 "catch up" if age 50 or older

Defined Contribution (qualified, 403(b), and SEP) Plan Limits	2018	2019
Annual total addition limit per participant	Lesser of $55,000 or 100% (25% for SEP) of participant's compensation	Lesser of $56,000 or 100% (25% for SEP) of participant's compensation

Retirement plan compensation limits	2018	2019
Annual compensation that can be considered in calculations	$275,000	$280,000
Compensation threshold used to determine a highly compensated employee	$120,000 earned in 2017	$125,000 earned in 2018
Compensation threshold used to determine a key employee in a top-heavy plan	$1 for more-than-5% owners $175,000 for officers $150,000 for more-than-1% owners	$1 for more-than-5% owners $180,000 for officers $150,000 for more-than-1% owners

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What is the limit for "catch up" contributions for 401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEP plans for 2019?

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Income phase-out* range for deductibility of Traditional IRA contributions	**2018**	**2019**
If covered by an employer plan and filing as:		
Single/Head of household	$63,000 - $73,000	$64,000 - $74,000
Married filing jointly	$101,000 - $121,000	$103,000 - $123,000
Married filing separately	$0 - $10,000	$0 - $10,000
If not covered by an employer plan, but filing joint return with a spouse who is covered by a plan	$189,000 - $199,000	$193,000 - $203,000

Income phase-out* range for ability to fund a Roth IRA	**2018**	**2019**
Single/Head of household	$120,000 - $135,000	$122,000 - $137,000
Married filing jointly	$189,000 - $199,000	$193,000 - $203,000
Married filing separately	$0 - $10,000	$0 - $10,000

**A phase-out is the gradual reduction of a tax credit as a taxpayer approaches the income limit to qualify for that credit. If your income is below the bottom of the phase-out range, you may qualify for the full credit. If it is above the top of the range, you may not qualify for any of the credit. Incomes within the phase-out range may qualify for a partial credit, with the percentage of credit received generally decreased as income increases.*