

Commco Comments

Timely Information and Updates for Employers and Retirement Plan Sponsors

2022 Retirement Planning Key Numbers

The Internal Revenue Service and Social Security Administration have announced significant changes to several key retirement planning figures for 2022.

Most notably, 401(k) salary deferral limits have increased by \$1,000. Plan administrators may wish to reach out to participants who were nearing or meeting the prior maximum and invite them to submit a deferral rate increase to take advantage of this change. Contribution limits for IRA accounts remain unchanged (the last increase was effective in 2019). However, the income limits for making Roth contributions and deducting Traditional contributions have increased.

Salary Deferral Limits	2021	2022
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs	Lesser of \$19,500 or 100% of compensation, plus \$6,500 “catch up” if age 50 or older	Lesser of \$20,500 or 100% of compensation, plus \$6,500 “catch up” if age 50 or older
SIMPLE 401(k) plans and SIMPLE IRA plans	Lesser of \$13,500 or 100% of compensation, plus \$3,000 “catch up” if age 50 or older	Lesser of \$14,000 or 100% of compensation, plus \$3,000 “catch up” if age 50 or older

IRA Contribution Limits	2021	2022
Traditional and Roth IRAs	Lesser of \$6,000 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	2021	2022
Annual total addition limit per participant	Lesser of \$58,000 or 100% (25% for SEP) of participant’s compensation	Lesser of \$61,000 or 100% (25% for SEP) of participant’s compensation

Retirement plan compensation limits	2021	2022
Annual compensation that can be considered in calculations	\$290,000	\$305,000
Compensation threshold used to determine a highly compensated employee	\$130,000 earned in 2020	\$135,000 earned in 2021
Compensation threshold used to determine a key employee in a top-heavy plan	\$1 for more-than-5% owners \$185,000 for officers \$150,000 for more-than-1% owners	\$1 for more-than-5% owners \$200,000 for officers \$150,000 for more-than-1% owners

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How much more can a 401(k) participant contribute in 2022 compared to 2021?



Retirement & Investment Services



Retirement & Investment Services

5440 SW Westgate Drive, Suite 110
Portland, OR 97221
thecommco.com

tel 503-203-8585
fax 503-203-8590
toll 800-203-8510

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Income phase-out* range for deductibility of Traditional IRA contributions	2021	2022
If covered by an employer plan and filing as:		
Single/Head of household	\$66,000 - \$76,000	\$68,000 - \$78,000
Married filing jointly	\$105,000 - \$125,000	\$109,000 - \$129,000
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	\$198,000 - \$208,000	\$204,000 - \$214,000

Income phase-out* range for ability to fund a Roth IRA	2021	2022
Single/Head of household	\$125,000 - \$140,000	\$129,000 - \$144,000
Married filing jointly	\$198,000 - \$208,000	\$204,000 - \$214,000
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.*

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