

## IRA and retirement plan limits for 2020

### IRA contribution limits

The maximum amount you can contribute to a traditional IRA or a Roth IRA in 2020 is \$6,000 (or 100% of your earned income, if less), unchanged from 2019. The maximum catch-up contribution for those age 50 or older remains at \$1,000. You can contribute to both a traditional IRA and a Roth IRA in 2020, but your total contributions can't exceed these annual limits.

### Traditional IRA income limits

If you are not covered by an employer retirement plan, your contributions to a traditional IRA are generally fully tax deductible. For those who are covered by an employer plan, the income limits for determining the deductibility of traditional IRA contributions in 2020 have increased. If your filing status is single or head of household, you can fully deduct your IRA contribution up to \$6,000 (\$7,000 if you are age 50 or older) in 2020 if your modified adjusted gross income (MAGI) is \$65,000 or less (up from \$64,000 in 2019). If you're married and filing a joint return, you can fully deduct up to \$6,000 (\$7,000 if you are age 50 or older) in 2020 if your MAGI is \$104,000 or less (up from \$103,000 in 2019).

<b>If your 2020 federal income tax filing status is:</b>	<b>Your IRA deduction is limited if your MAGI is between:</b>	<b>Your deduction is eliminated if your MAGI is:</b>
Single or head of household	\$65,000 and \$75,000	\$75,000 or more
Married filing jointly or qualifying widow(er)	\$104,000 and \$124,000 (combined)	\$124,000 or more (combined)
Married filing separately	\$0 and \$10,000	\$10,000 or more

If you're not covered by an employer plan but your spouse is, and you file a joint return, your deduction is limited if your MAGI is \$196,000 to \$206,000 (up from \$193,000 to \$203,000 in 2019), and eliminated if your MAGI exceeds \$206,000 (up from \$203,000 in 2019).

### Roth IRA income limits

The income limits for determining how much you can contribute to a Roth IRA have also increased for 2020. If your filing status is single or head of household, you can contribute the full \$6,000 (\$7,000 if you are age 50 or older) to a Roth IRA if your MAGI is \$124,000 or less (up from \$122,000 in 2019). And if you're married and filing a joint return, you can make a full contribution if your MAGI is \$196,000 or less (up from \$193,000 in 2019). (Again, contributions can't exceed 100% of your earned income.)

If your 2020 federal income tax filing status is:	Your Roth IRA contribution is limited if your MAGI is:	You cannot contribute to a Roth IRA if your MAGI is:
Single or head of household	More than \$124,000 but under \$139,000	\$139,000 or more
Married filing jointly or qualifying widow(er)	More than \$196,000 but under \$206,000 (combined)	\$206,000 or more (combined)
Married filing separately	More than \$0 but under \$10,000	\$10,000 or more

### Employer retirement plans

Most of the significant employer retirement plan limits for 2020 have also increased. The maximum amount you can contribute (your "elective deferrals") to a 401(k) plan is \$19,500 in 2020 (up from \$19,000 in 2019). This limit also applies to 403(b) and 457(b) plans, as well as the Federal Thrift Plan. If you're age 50 or older, you can also make catch-up contributions of up to \$6,500 to these plans in 2020 (up from \$6,000 in 2019). (Special catch-up limits apply to certain participants in 403(b) and 457(b) plans.)

If you participate in more than one retirement plan, your total elective deferrals can't exceed the annual limit (\$19,500 in 2020 plus any applicable catch-up contributions). Deferrals to 401(k) plans, 403(b) plans, and SIMPLE plans are included in this aggregate limit, but deferrals to Section 457(b) plans are not. For example, if you participate in both a 403(b) plan and a 457(b) plan, you can defer the full dollar limit to each plan — a total of \$39,000 in 2020 (plus any catch-up contributions).

The amount you can contribute to a SIMPLE IRA or SIMPLE 401(k) is \$13,500 in 2020 (up from \$13,000 in 2019), and the catch-up limit for those age 50 or older remains at \$3,000.

Plan type:	Annual dollar limit:	Catch-up limit:
401(k), 403(b), governmental 457(b), Federal Thrift Plan	\$19,500	\$6,500
SIMPLE plans	\$13,500	\$3,000

**Note:** Contributions can't exceed 100% of your income.

The maximum amount that can be allocated to your account in a defined contribution plan (for example, a 401(k) plan or profit-sharing plan) in 2020 is \$57,000 (up from \$56,000 in 2019) plus age 50 catch-up contributions. (This includes both your contributions and your employer's contributions. Special rules apply if your employer sponsors more than one retirement plan.)

Finally, the maximum amount of compensation that can be taken into account in determining benefits for most plans in 2020 is \$285,000 (up from \$280,000 in 2019), and the dollar threshold for determining

highly compensated employees (when 2020 is the look-back year) is \$130,000 (up from \$125,000 when 2019 is the look-back year).

### **Need help making important IRA decisions?**

If you have any questions about IRAs, we want to help. As a member of Arsenal Credit Union you have access to David Weis, our knowledgeable financial advisor available through our broker-dealer CUSO Financial Services, L.P. (CFS)\*. [Click here to learn more about David and the services he offers.](#)

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