

Taxpayers Should Review the 401(k) and IRA Limit Increases For 2023

The amount individuals can contribute to their 401(k) plans in 2023 will increase to \$22,500 -- up from \$20,500 for 2022. The income ranges for determining eligibility to make deductible contributions to traditional IRAs, contribute to Roth IRAs, and claim the Saver's Credit will also all increase for 2023.

Taxpayers can read the technical guidance regarding all of the cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2023 in **Notice 2022-55** on IRS.gov.

Here are some of the changes for 2023:

- The contribution limit for employees who participate in 401(k), 403(b), most 457 plans and the federal government's Thrift Savings Plan will increase to \$22,500.
- The limit on annual contributions to an IRA will increase to \$6,500. The IRA catch-up contribution limit for individuals age 50 and over is not subject to an annual cost-of-living adjustment and remains \$1,000.
- The catch-up contribution limit for employees age 50 and over who participate in 401(k), 403(b), most 457 plans and the federal government's Thrift Savings Plan will increase to \$7,500.
- The catch-up contribution limit for employees age 50 and over who participate in SIMPLE plans will increase to \$3,500, up from \$3,000.
- The phase-out ranges for deducting contributions to a traditional IRA will also increase. Taxpayers should review Notice 2022-55 regarding the details for their situation.
- The income phase-out range for people making contributions to a Roth IRA will increase for taxpayers filing as single, head of household and married filing jointly. Again, taxpayers should consult Notice 2022-55 for specifics about their situation.
- The income limit for the Saver's Credit for low- and moderate-income workers is \$73,000 for married couples filing jointly; \$54,750 for heads of household; and \$36,500 for singles and married individuals filing separately.
- The amount individuals can contribute to their SIMPLE retirement accounts will increase to \$15,500.