

New I.R.S. Contribution Limits

Changes for 2020

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RETIREMENT AND FINANCIAL PLANNING



The I.R.S. just increased the annual contribution limits on IRAs, 401(k)s, and other widely used retirement plan accounts for 2020.

Here's a quick look at the changes.

- Next year, you can put up to \$6,000 in any type of IRA. The limit is \$7,000 if you will be 50 or older at any time in 2020.^{1,2}
- Annual contribution limits for 401(k)s, 403(b)s, the federal Thrift Savings Plan, and most 457 plans also get a \$500 boost for 2020. The new annual limit on contributions is \$19,500. If you are 50 or older at any time in 2020, your yearly contribution limit for one of these accounts is \$26,000.^{1,2}
- Are you self-employed, or do you own a small business? You may have a solo 401(k) or a SEP IRA, which allows you to make both an employer *and* employee contribution. The ceiling on total solo 401(k) and SEP IRA contributions rises \$1,000 in 2020, reaching \$57,000.³
- If you have a SIMPLE retirement account, next year's contribution limit is \$13,500, up \$500 from the 2019 level. If you are 50 or older in 2020, your annual SIMPLE plan contribution cap is \$16,500.³
- Yearly contribution limits have also been set a bit higher for Health Savings Accounts (which may be used to save for retirement medical expenses). The 2020 limits: \$3,550 for individuals with single medical coverage and \$7,100 for those covered under qualifying family plans. If

you are 55 or older next year, those respective limits are \$1,000 higher.⁴

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CITATIONS

- 1 - [irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits](https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits) [11/8/19]
- 2 - [irs.gov/newsroom/401k-contribution-limit-increases-to-19500-for-2020-catch-up-limit-rises-to-6500](https://www.irs.gov/newsroom/401k-contribution-limit-increases-to-19500-for-2020-catch-up-limit-rises-to-6500) [11/6/19]
- 3 - [forbes.com/sites/ashleaebeling/2019/11/06/irs-announces-higher-2020-retirement-plan-contribution-limits-for-401ks-and-more/](https://www.forbes.com/sites/ashleaebeling/2019/11/06/irs-announces-higher-2020-retirement-plan-contribution-limits-for-401ks-and-more/) [11/6/19]
- 4 - [cnbc.com/2019/06/03/these-are-the-new-hsa-limits-for-2020.html](https://www.cnbc.com/2019/06/03/these-are-the-new-hsa-limits-for-2020.html) [6/4/19]

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