

2019 Contribution Limits

Retirement plan contribution limits are adjusted for inflation each year. The beginning of the year is an ideal time to review your contributions to all your savings plans. We've included some action items to help call specific items to your attention. If you would like us to review your savings plans early in the year, please send us an email or give us a call. We're happy to discuss how to best allocate your savings in the new year.

401k/403b/457 Elective Deferral Limit

401k/403b/457 contribution limits will increase by \$500 from \$18,500 from 2018 to \$19,000 in 2019. If you are age 50 or over, the catch-up contribution limit will stay the same at \$6,000 in both 2018 and 2019. Employer match or profit-sharing contributions do not count towards these limits. If you can contribute to a 457 plan, the limit is separate, and you can contribute to both a 401k/403b in addition to your 457 plan.

Action item: *Log into your employer sponsored plan website and review your savings rate to make sure your receiving the full match from your employer and, if possible, maximizing your savings to meet the new 2019 limits. We're happy to help review this information and your investment allocation if you provide us login credentials to your employer sponsored plans.*

Traditional and Roth IRA Contribution Limit

Traditional and Roth IRA contribution limits will increase by \$500 from \$5,500 to \$6,000 in 2019. For monthly savers, this is a nice adjustment as you can now contribute an even amount of \$500 per month to these accounts. The age 50 catch up provision remains at \$1,000. The IRA contribution limit is separate from your workplace retirement plan contribution limit. You can contribute to your employer sponsored plans and your traditional or Roth IRA if your income falls within the IRS limitations (summarized in the chart). Please contact us to double-check and review your eligibility if you have any questions.

Action item: *If you're saving monthly into your traditional or Roth IRA and want to maximize your contributions, reach out to us and we'll adjust your savings amount to meet the new 2019 limit.*

SIMPLE 401k or SIMPLE IRA Contribution Limits

SIMPLE IRA and SIMPLE 401k plans have a lower limit than 401k and 403b plans. These plans will also increase by \$500 from \$12,500 to \$13,000 in 2019. If you are age 50 or over, the catch-up contribution will remain at \$3,000. As a reminder, employer contributions do not count towards these limits.

SEP IRA Contribution Limits

The SEP IRA contribution limit increases to \$56,000 in 2019. Contributions are limited to 25% of your self-employment income and must match the percentage contributed to all eligible employees covered by the plan. Catch-up contributions are not permitted to SEP IRA plans, as all contributions are employer contributions only. You can utilize the catch-up provision through a traditional IRA.

Traditional IRA Deductibility Limit

The income limit for taking a full deduction for your traditional IRA contribution while contributing to an employer sponsored retirement plan increases by \$1,000 for single filers, from \$63,000 to \$64,000 in 2019. The amount is increased by \$2,000 for married filing jointly tax filers, from \$101,000 to \$103,00 in 2019. The deductibility of contributions completely phases out when your income goes above \$74,000 for single filers and above \$121,000 for married filing jointly in 2019.

If you are not covered by a workplace retirement plan but your spouse is, these limits go up by \$4,000 for married filing jointly to \$193,000 in 2019. If your household income goes above \$203,000 in 2019 you are unable to deduct these contributions.

Roth IRA Income Limit

The income limit for contributing the maximum to a Roth IRA increases to \$122,000 for single filers and to \$193,000 for married filing jointly filers in 2019. You are not able to contribute directly to a Roth IRA when your income goes above \$135,000 for singles and above \$203,000 for joint filers in 2019. You can still do a “backdoor Roth IRA” in certain situations if you are above these income limits.

Action Item: *If your income will change significantly in 2019, review your eligibility to save into these plans. Contributing into plans when you are ineligible can create a situation where contributions need to be removed and could be taxed if not removed in a timely fashion.*

Health Savings Account Contribution Limit

The HSA contribution limit increased from \$3,450 to \$3,500 for singles in 2019. For family coverage the limit increased from \$6,900 to \$7,000 in 2019. You must participate in a High Deductible Health Plan to be eligible to save into a Health Savings Account.

Action Item: *Did you know these funds do not need to be used in the current year and can be invested for your future health care needs? We have a solution through HSA Bank and TD Ameritrade that might work for you. If you're interested in this strategy, we can send you more information.*

In Summary

	2018	2019	Increase
Limit on employee contributions to 401k, 403b, or 457 plan	\$18,500	\$19,000	\$500
Limit on age 50+ catchup contributions to 401k, 403b or 457 plan	\$6,000	\$6,000	None
SIMPLE 401k or SIMPLE IRA contributions	\$12,500	\$13,000	\$500
SIMPLE 401k or SIMPLE IRA age 50+ catchup contributions limit	\$3,000	\$3,000	None
Maximum contributions to all defined contribution plans by the same employer (Also, SEP IRA maximum)	\$55,000	\$56,000	\$1,000
Traditional and Roth IRA contribution limit	\$5,500	\$6,000	\$500
Traditional and Roth IRA age 50+ catchup contribution limit	\$1,000	\$1,000	None
Deductible IRA income limit for active participants in a workplace plan, single filers	\$63,000 - \$73,000	\$64,000 - \$74,000	\$1,000
Deductible IRA income limit, spouse is active participant	\$101,000 - \$121,000	\$103,000 - \$123,000	\$2,000
Roth IRA income limit, single	\$120,000 - \$135,000	\$122,000 - \$137,000	\$2,000
Roth IRA income limit, married filing jointly	\$189,000 - \$199,000	\$193,000 - \$203,000	\$4,000
FSA Contribution Limit	\$2,650	\$2,700	\$50
HSA Contribution Limit, single coverage	\$3,450	\$3,500	\$50
HSA Contribution Limit, family coverage	\$6,900	\$7,000	\$50