



New Retirement Plan Limits for 2013

New Annual Limits for 2013:

The Internal Revenue Service (IRS) has increased the annual limits on most retirement plans for 2013. For Traditional IRAs and Roth IRAs, the limit has increase to \$5,500, up from \$5,000 for 2012. The maximum catch-up contribution for those 50-years old or older remains at \$1,000. So for those 50-years old or older, your maximum contribution in your IRA is \$6,500. You can contribute to both a Roth IRA and a Traditional IRA, but the **total** to both accounts cannot be more than the maximum. For example, if you are 55-years old, you can contribute \$2,000 to your Roth IRA and \$4,500 to your Traditional IRA, or any combination you choose as long as the total does not exceed \$6,500. This limit would be reduced if your annual earned income is less than the maximum. For instance, if you are working part time and your earned income for the year is \$4,000, then your maximum contribution is \$4,000. Non-working spouses can also contribute to a Roth IRA or a Traditional IRA. If you stay at home for whatever reason and your spouse is working, you can contribute to your Traditional IRA or your Roth IRA up to the maximum limits stated above.

Traditional IRA Deductions: If you are covered by an employer retirement plan, your Traditional IRA tax deduction is reduced if your

modified adjusted gross income (MAGI) is:

- Between \$59,000 and \$69,000 and is totally eliminated if your MAGI is \$69,000 or more (single or head-of-household filers)
- For those married filing jointly or qualifying widow(er), between \$95,000 and \$115,000, combined and is totally eliminated if your combined MAGI is \$115,000 or more. If you're not covered by an employer plan but your spouse is, your deduction is limited if your MAGI is \$178,000 to \$188,000, and eliminated if your MAGI exceeds \$188,000.
- For those married filing separately, the IRS doesn't seem to like these type of filers. Your IRA deduction is reduced if your MAGI is between \$0 and \$10,000 and it totally eliminated if your combined MAGI is \$10,000 or more.

Roth IRA Contribution Limits:

Your maximum Roth IRA contribution limit is reduced if your 2013 federal income tax filing is:

- Single or head-of-household and your MAGI is more than \$112,000 but less than \$127,000. You cannot contribute to your Roth IRA if your MAGI is \$127,000 or more.
- Married filing jointly or qualifying widow(er) and your MAGI is more than \$178,000 but less than \$188,000 combined. Any

contribution to your Roth IRA is eliminated if your MAGI is \$188,000 or more.

- If you are married and filing separately, then the same limits apply for a Roth IRA as a Traditional IRA.

Employer Retirement Plans:

The maximum amount you can contribute to your 401(k) has also increased to \$17,500, up from \$17,000 in 2012. This increase also applies 403(b)s, 457(b)s, SAR-SEP, and Federal Thrift Plans. Catch-up limits for those 50-years old or older remains at \$5,500. If you participate in more than one employer-sponsored retirement plan, the **total** in all plans cannot exceed the maximum limits. There is one exception to these limits: 457(b) plans are not included in these total limits. For example, if you participate in a 401(k) and a 457(b), then your limit is \$17,500 for each (plus any catch-up contribution). If you fall into this category, then your annual limit is \$35,000 (\$17,500 for each plan).

SIMPLE IRAs and SIMPLE 401

(k)s: The amount you can contribute to a SIMPLE IRA or a SIMPLE 401(k) has increased from \$11,500 in 2012 to \$12,000 in 2013. The catch-up limit for those contributions for those 50-years old and older remains at \$2,500.