

RETIREMENT PLANNING

Higher IRA and 403(b) Contribution Limits for 2024

Cost-of-living adjustments mean higher IRA and 403(b) contribution limits for 2024.



(Image credit: Getty Images)

You can soon save more money for retirement, thanks to an increase in IRA, 403(b) and 401(k) contribution limits for 2024. Contribution limits along with many other tax provisions are adjusted for inflation each year. Recent high inflation means this is the second year in a row that cost-of-living adjustments have resulted in higher contribution limits.

Here's how much you can contribute to retirement accounts next year.

IRA contribution limits for 2024

The contribution limits for a traditional or Roth IRA increased last year for the first time in four years, and the limits are going up again for 2024.

- You can contribute a maximum of \$7,000 (up from \$6,500 for 2023).
- Catch-up contributions for taxpayers 50 and older are also subject to cost-of-living adjustments, but these limits remain unchanged for 2024 at \$1,000 (\$8,000 total).

Note: Not everyone can take advantage of the higher IRA contribution limits this year. **You can only make the maximum contribution to your Roth IRA if your modified adjusted gross income (MAGI) is below the threshold set for the year.**

For 2024, single and head of household filers with a MAGI below \$146,000 (up from \$138,000 last year) can contribute the full \$7,000 in 2024. The maximum contribution is reduced for these filers if their MAGI is between \$146,000 and \$161,000, and these taxpayers cannot contribute to a Roth IRA at all if their MAGI exceeds \$161,000.

For married couples filing jointly, the income phase-out range for 2024 is between \$230,000 and \$240,000 (up from between \$218,000 and \$228,000 last year). So, joint filers with a MAGI below \$230,000 can contribute the full \$7,000 for 2024, but these filers cannot contribute anything to an IRA with a MAGI greater than \$240,000.

(Note: The above income limits do not apply to traditional IRAs.)

2024 contribution limits for 403(b) and other employer-sponsored plans

Contribution limits for 403(b), 401(k), and most 457 plans, as well as the federal government's Thrift Savings Plan will also increase by \$500 for 2024. Eligible taxpayers can contribute \$23,000 to these accounts in 2024 (up from \$22,500 last year). Savers saw a \$2,000 increase in contribution amounts last year, so the \$500 increase for 2024 may not be welcomed news for everyone. However, the contribution limit for SIMPLE plans increases to \$16,000 this year (up from \$15,500 last year).

Catch-up contribution limits: While catch-up contributions limits increased for taxpayers 50 and older last year, there is no increase for 2024. So, these taxpayers can still only contribute an additional \$7,500 in 2024 (\$30,500 total). The catch-up contribution limit for employees 50 and over who participate in SIMPLE plans also remains unchanged for 2024, at \$3,500.

IRA deduction phase-out thresholds for 2024

If you put money in a traditional IRA, you may be able to take a tax deduction for some or all of your contributions. (There is no deduction available for contributions to a Roth IRA.) However, the deduction is gradually phased-out if your income is above a certain amount. Here are the phase out ranges for 2024.

- For single taxpayers covered by a workplace retirement plan, the phase-out range is between \$77,000 and \$87,000 (up from between \$73,000 and \$83,000 last year).
- For married couples filing jointly, if the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is between \$123,000 and \$143,000 (up from between \$116,000 and \$136,000 last year).
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the phase-out range is between \$230,000 and \$240,000 (up from between \$218,000 and \$228,000 last year).

If you are married and filing a separate return (and covered by a workplace retirement plan), the phase-out range remains between \$0 and \$10,000. That's because this limit is not subject to a cost-of-living adjustment.

Saver's Credit income limits for 2024

Americans with lower and middle incomes who contribute to a retirement plan can claim the Saver's Credit on their federal tax return, which could lower their tax bill. However, not everyone qualifies. Here are the new income limits for claiming the Saver's Credit in 2024.

- \$76,500 for married couples filing jointly (up from \$73,000 last year)
- \$57,375 for heads of household (up from \$54,750 last year)
- \$38,250 for single and married taxpayers filing separately (up from \$36,500 last year)

NYSUT NOTE: Did you know one of the top concerns for retirees is running out of money? Make sure you're maximizing your retirement savings now by having a solid plan in place. The NYSUT Member Benefits Corporation-endorsed Financial Counseling Program can help. As a NYSUT member, you can get customized advice from a team of Certified Financial Planners®. And it's all fee-based, which means no commissions from mutual funds, brokerage firms, insurance companies or any other third party, just unbiased advice from a financial expert. Visit [the member website](#) for more information.



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