

2019 IRA Contribution Limit Increases Announced by the IRS

Late in 2018, the IRS announced the 2019 cost-of-living adjustments made to contribution limits and income thresholds for retirement plans. This year, cost-of-living index increases were high enough to trigger adjustments to nearly all retirement-related IRS contribution and income amounts for 2019 vs. 2018. The only key amounts that remain the same from 2018 are catch-up contribution amounts for those over age 50.

Traditional IRAs (individual retirement account)

The annual contribution cap for individual retirement accounts (IRA) is up \$500 from 2018 at \$6,000 per eligible individual.

Catch-up contributions for those 50 and over remain capped at an additional \$1,000 (\$7,000 total contribution).

The deduction for taxpayers making contributions to a traditional IRA is phased out for singles and heads of household who are covered by a workplace retirement plan and have modified adjusted gross incomes (AGI) between \$64,000 and \$74,000 (up \$1,000 from 2018).

For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out increases by \$2,000 vs. 2018, to a range of \$103,000 to \$123,000.

For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$193,000 and \$203,000, up from \$189,000 and \$199,000.

For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

Roth IRAs

For married couples filing jointly, the income phase-out range for taxpayers contributing to a Roth IRA is at an AGI of \$193,000 to \$203,000, up from \$189,000 to \$199,000 in 2018.

For singles and heads of household, the Roth IRA income phase-out range is \$122,000 to \$137,000, up from \$120,000 to \$135,000.

For a married individual filing a separate return, the Roth IRA phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

For more information on these updated contribution limits and income caps, consult your tax advisor.