

IRA Contribution Limits for 2014 – Unchanged at \$5,500 and \$6,500

The 16-day government shutdown impacted the IRS. The IRS reopened on October 17. On October 31 the IRS released the 2014 IRA and pension limits.

Inflation was very low for the fiscal quarter ending September 30, 2013, so many of the IRA and pension limits as adjusted by the cost of living factor have not changed or the changes have been quite small.

The maximum IRA contribution limits for 2014 for traditional, Roth and SIMPLE IRAs did not change – \$5,500/\$6,500 and \$12,000/\$14,500 respectively.

The maximum contribution limit for SEP-IRAs is \$52,000 for 2014 up from \$51,000 for 2013. The maximum limits for 401(k) participants for 2014 are also unchanged at \$17,500/\$23,000.

The IRA compensation limit changes were small, either \$1,000 or \$3,000.

**Contribution limits for a person who is not age 50 or older.**

<u>Tax Year</u>	<u>Amount</u>
2009	\$5,000
2010	\$5,000
2011	\$5,000
2012	\$5,000
2013	\$5,500
2014	\$5,500

**Contribution Limits for a person who is age 50 or older.**

<u>Tax Year</u>	<u>Amount</u>
2009	\$6,000
2010	\$6,000
2011	\$6,000
2012	\$6,000
2013	\$6,500
2014	\$6,500

<b>IRS Issues 2014 IRA/Pension Limits</b>				
<b>IRS Announces Cost-of-Living Adjustments for 2014</b>				
<b>The IRS in News Release No. IR-2013-86 Released its 2014 Adjustments as Follows:</b>				
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Taxable Wage Base – OASDI Only</b>	\$106,800	\$110,100	\$113,700	\$117,000
<b>SEP and Qualified Plan</b>				
Maximum Compensation Cap – 401(a)(17) & 404(e)	\$245,000	\$250,000	\$255,000	\$260,000
<b>Elective (Salary) Deferral Limit – 401(k) &amp; SAR-SEP</b>	\$16,500	\$17,000	\$17,500	\$17,500
<b>Elective Deferral Catch-up Limit</b>	\$5,500	\$5,500	\$5,500	\$5,500
<b>SIMPLE Deferral Limit – 408(p)(2)(A)</b>	\$11,500	\$11,500	\$12,000	\$12,000
<b>SIMPLE Catch-up Limit</b>	\$2,500	\$2,500	\$2,500	\$2,500
<b>Highly-Compensated Employees (Compensation as Indexed)</b>	\$110,000	\$115,000	\$115,000	\$115,000
<b>Defined Benefit Limit – Section 415(b)(1)(A)</b>	\$195,000	\$200,000	\$205,000	\$210,000
<b>Defined Contribution Limit – Section 415(c)(1)(A)</b>	\$49,000	\$50,000	\$51,000	\$52,000
<b>SEP Minimum Compensation Threshold – 408(k)(2)(c)</b>	\$550	\$550	\$550	\$550
<b>Key Employee Top Heavy – 41(i)(ii)(a)(i)</b>	\$160,000	\$165,000	\$165,000	\$170,000

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IRA Contribution Deductibility Chart for 2013 (for participants and/or spouses in employer-sponsored retirement plans.)	
<b>Amount of Modified AGI - (Combined modified AGI if married)</b>	
<u>Single</u>	
Below \$59,001	Entitled to full deduction
\$59,001-\$68,999.99	Entitled to prorated deduction amount - use special formula**
\$69,000 or over	No deduction permissible
**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$59,000/\$10,000. This will give you a ratio that determines the amount you cannot deduct.*	
<u>Married - joint return, both are covered</u>	
Below \$95,001	Entitled to full deduction
\$95,001 - \$114,999.99	Entitled to prorated deduction amount - use special formula**
\$115,000 or Over	No deduction permissible
**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$95,000/\$20,000. This will give you a ratio that determines the amount you cannot deduct.*	
<u>Married - joint return, but only you are covered</u>	
Below \$95,001	Fully Deductible
\$95,001-\$114,999.99	Entitled to prorated deduction amount - use special formula**
\$115,000 or over	No deduction permissible
**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$95,000/\$20,000. This will give you a ratio that determines the amount you cannot deduct.*	
<u>Married - joint return, but only your spouse is covered</u>	
Below \$178,001	Fully Deductible
\$178,001-\$187,999.99	Entitled to prorated deduction amount - use special formula**
\$188,000 or over	No deduction permissible
**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$178,000/\$10,000. This will give you a ratio that determines the amount you cannot deduct.*	
<u>Married Filing Separately</u>	
Below \$10,000	Entitled to prorated deduction amount - use special formula**
\$10,000 or Over	No deduction permissible
**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$0/\$10,000. This will give you a ratio that determines the amount you cannot deduct.*	
*Any amount determined under this formula which is not a multiple of \$10 shall be rounded to the next lowest \$10. However, an IRA accountholder will be able to deduct a minimum of \$200 as long as his or her AGI is not above the phase-out range (base amount plus \$10,000).	

IRA Contribution Deductibility Chart for 2014 (for participants and/or spouses in employer-sponsored retirement plans.)	
<b>Amount of Modified AGI - (Combined modified AGI if married)</b>	
<u>Single</u>	
Below \$60,001	Entitled to full deduction
\$60,001-\$69,999.99	Entitled to prorated deduction amount - use special formula**
\$70,000 or over	No deduction permissible
**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$60,000/\$10,000. This will give you a ratio that determines the amount you cannot deduct.*	
<u>Married - joint return, both are covered</u>	
Below \$96,001	Entitled to full deduction
\$96,001 - \$115,999.99	Entitled to prorated deduction amount - use special formula**
\$116,000 or Over	No deduction permissible
**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$96,000/\$20,000. This will give you a ratio that determines the amount you cannot deduct.*	
<u>Married - joint return, but only you are covered</u>	
Below \$96,001	Fully Deductible
\$96,001-\$115,999.99	Entitled to prorated deduction amount - use special formula**
\$116,000 or over	No deduction permissible
**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$96,000/\$20,000. This will give you a ratio that determines the amount you cannot deduct.*	
<u>Married - joint return, but only your spouse is covered</u>	
Below \$181,001	Fully Deductible
\$181,001-\$190,999.99	Entitled to prorated deduction amount - use special formula**
\$191,000 or over	No deduction permissible
**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$191,000/\$10,000. This will give you a ratio that determines the amount you cannot deduct.*	
<u>Married Filing Separately</u>	
Below \$10,000	Entitled to prorated deduction amount - use special formula**
\$10,000 or Over	No deduction permissible
**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$0/\$10,000. This will give you a ratio that determines the amount you cannot deduct.*	
*Any amount determined under this formula which is not a multiple of \$10 shall be rounded to the next lowest \$10. However, an IRA accountholder will be able to deduct a minimum of \$200 as long as his or her AGI is not above the phase-out range (base amount plus \$10,000).	



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**Roth IRA Contribution Chart for 2014**

Amount of AGI and Filing Status

**Single, Head of Household or Qualifying Widow(er):**

Below \$114,000	Entitled to full contribution amount
\$114,000-\$128,999.99	Entitled to prorated contribution amount—use special formula*
\$129,000 or over	No contribution permissible

\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$114,000/\$15,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

**Married Filing Jointly**

Below \$181,000	Entitled to full contribution amount.
\$181,000-190,999.99	Entitled to prorated contribution amount—use special formula.*
\$191,000 or over	No contribution permissible.

\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$181,000/\$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

**Married Filing Separate Returns**

\$0-\$9,999.99	Entitled to prorated contribution amount—use special formula*
\$10,000 or Over	No contribution permissible

\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$0/\$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

**Roth IRA Contribution Chart for 2013**

Amount of AGI and Filing Status

**Single, Head of Household or Qualifying Widow(er):**

Below \$112,000	Entitled to full contribution amount
\$112,000-\$126,999.99	Entitled to prorated contribution amount—use special formula*
\$127,000 or over	No contribution permissible

\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$112,000/\$15,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

**Married Filing Jointly**

Below \$178,000	Entitled to full contribution amount.
\$178,000-187,999.99	Entitled to prorated contribution amount—use special formula.*
\$188,000 or over	No contribution permissible.

\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$178,000/\$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

**Married Filing Separate Returns**

\$0-\$9,999.99	Entitled to prorated contribution amount—use special formula*
\$10,000 or Over	No contribution permissible

\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$0/\$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest \$10.00.

**SEP and SIMPLE Limits**

	2011	2012	2013	2014
Maximum SEP Contribution	\$49,000	\$50,000	\$51,000	\$52,000
Maximum SIMPLE Deferral (Under age 50)	\$11,500	\$11,500	\$12,000	\$12,000
Maximum SIMPLE Deferral (Under Age 50 & older)	\$14,000	\$14,000	\$14,500	\$14,500

**Saver's Credit Limits for 2014**

The applicable percentage for 2014 is based on modified adjusted gross income (AGI) and your tax-filing status, and is determined by the following table:

**Joint Return**

AGI Over	AGI Not Over	Percentage
\$0	\$36,000	50%
\$36,000	\$39,000	20%
\$39,000	\$60,000	10%
\$60,000	N/A	0%

**Head of Household**

AGI Over	AGI Not Over	Percentage
\$0	\$27,000	50%
\$27,000	\$29,250	20%
\$29,250	\$45,000	10%
\$45,000	N/A	0%

**Other Filers Including Married, Filing Separately**

AGI Over	AGI Not Over	Percentage
\$0	\$18,000	50%
\$18,000	\$19,500	20%
\$19,500	\$30,000	10%
\$30,000	N/A	0%

**Saver's Credit Limits for 2013**

The applicable percentage for 2013 is based on modified adjusted gross income (AGI) and your tax-filing status, and is determined by the following table:

**Joint Return**

AGI Over	AGI Not Over	Percentage
\$0	\$35,500	50%
\$35,500	\$38,500	20%
\$38,500	\$59,000	10%
\$59,000	N/A	0%

**Head of Household**

AGI Over	AGI Not Over	Percentage
\$0	\$26,625	50%
\$26,625	\$28,875	20%
\$28,875	\$44,250	10%
\$44,250	N/A	0%

**Other Filers Including Married, Filing Separately**

AGI Over	AGI Not Over	Percentage
\$0	\$17,750	50%
\$17,750	\$19,250	20%
\$19,250	\$29,500	10%
\$29,500	N/A	0%