



# THE Pension Digest

September 2022  
Published Since 1984

## ALSO IN THIS ISSUE –

IRA Contribution Deductibility  
Charts for 2022 and 2023,  
Page 2

Roth IRA Contribution Charts for  
2022 and 2023, Page 3

SEP and SIMPLE Limits and  
Saver's Credit Limits for 2022 and  
2023, Page 3

IRS IRA Statistics - 2019 Annual  
IRA Contributions, Page 4

**Collin W. Fritz and  
Associates, Inc.,**  
“The Pension Specialists”



© 2022 Collin W. Fritz and Associates,  
Ltd. Copyright is not claimed in any  
material secured from official U.S. Gov-  
ernment sources. Published by Collin  
W. Fritz and Associates, Ltd. Subscrip-  
tion: \$95 per year.

## LIKELY CHANGES IN 2023 IRA LIMITS

Around October 15, 2022, the IRS will announce the 2023 IRA limits.

The rate of inflation for the fiscal year ending September 30, 2022, will be substantially larger (8.2%) than it has been in many of the preceding years. Consequently, various IRA limits will be increasing more than has been the case in the prior years. These likely changes for 2023 IRA limits are set forth on pages two and three.

The IRA contribution limit (traditional and Roth) for 2023 increases to \$6,500. So, the maximum contribution limit will be \$6,500 for an individual under age 50 and \$7,500 for an individual 50 or older.

The income limits applying to making a deductible contribution are also increasing as are the Roth IRA eligibility limits. More individuals who are active participants will be eligible to claim a tax deduction for their traditional IRA contribution and more individuals will be eli-

gible to make a Roth IRA contribution.

The limits for SEP-IRAs, and SIMPLE-IRAs plans are also increasing. The maximum SEP-IRA limit will be \$66,000 up from \$61,000. The deferral limits for SIMPLE-IRAs will be \$15,500 (under age 50) and \$19,000 (age 50 or older) up from \$14,000 (under age 50) and \$17,000 (age 50 or older).

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

Tax Year	Amount
2008-12	\$5,000
2013-18	\$5,500
2019-22	\$6,000
2023	\$6,500

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

Tax Year	Amount
2008-12	\$6,000
2013-18	\$6,500
2019-22	\$7,000
2023	\$7,500

## IRS to Issue 2023 IRA/Pension Limits

	2021	2022	2023
Taxable Wage Base — OASDI Only	\$142,800	\$147,000	\$155,100
SEP and Qualified Plan			
Maximum Compensation Cap – 401(a)(17) & 404(e)	\$290,000	\$305,000	\$330,000
Elective (Salary) Deferral Limit – 401(k) & SAR-SEP	\$19,500	\$20,500	\$22,500
Elective Deferral Catch-up Limit for 401(k)	\$6,500	\$6,500	\$7,500
SIMPLE Deferral Limit – 408(p)(2)(A)	\$13,500	\$14,000	\$15,500
SIMPLE Catch-up Limit	\$3,000	\$3,000	\$3,500
Highly-Compensated Employees (Compensation as Indexed)	\$130,000	\$135,000	\$150,000
Defined Benefit Limit – Section 415(b)(1)(A)	\$230,000	\$245,000	\$245,000
Defined Contribution Limit – Section 415(c)(1)(A)	\$58,000	\$61,000	\$66,000
SEP Minimum Compensation Threshold – 408(k)(2)(c)	\$650	\$650	\$650
Key Employee Top Heavy — 41(i)(ii)(a)(i)	\$185,000	\$200,000	\$220,000

## IRA Contribution Deductibility Chart for 2022

(for participants and/or spouses in  
employer-sponsored retirement plans.)

### Amount of Modified AGI - (Combined modified AGI if married)

#### Single or Head of Household

Below \$68,000 or less	Entitled to full deduction
\$68,001-\$77,999.99	Entitled to prorated deduction amount - use special formula**
\$78,000 or more	No deduction permissible

\*\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$68,000/\$10,000. This will give you a ratio that determines the amount you cannot deduct.\*

#### Married - joint return, both are covered or qualifying widower

Below \$109,000 or less	Entitled to full deduction
\$109,001 - \$128,999.99	Entitled to prorated deduction amount - use special formula**
\$129,000 or more	No deduction permissible

\*\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$109,000/\$20,000. This will give you a ratio that determines the amount you cannot deduct.\*

#### Married -

##### joint return, but only you are covered or qualifying widower

Below \$109,000 or less	Fully Deductible
\$109,001-\$128,999.99	Entitled to prorated deduction amount - use special formula**
\$129,000 or more	No deduction permissible

\*\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$109,000/\$20,000. This will give you a ratio that determines the amount you cannot deduct.\*

#### Married - joint return, but only your spouse is covered

Below \$204,000 or less	Fully Deductible
\$204,001-\$213,999.99	Entitled to prorated deduction amount - use special formula**
\$214,000 or more	No deduction permissible

\*\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$204,000/\$10,000. This will give you a ratio that determines the amount you cannot deduct.\*

#### Married Filing Separately

Below \$10,000	Entitled to prorated deduction amount - use special formula**
\$10,000 or more	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.\* A special rule provides that a married individual is not considered Married for IRA purposes for any year in which the individual and the individual's spouse file separate returns and did not live together at any time during the tax year.

\*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 2023

(for participants and/or spouses in  
employer-sponsored retirement plans.)

### Amount of Modified AGI - (Combined modified AGI if married)

#### Single or Head of Household

Below \$73,000 or less	Entitled to full deduction
\$73,001-\$82,999.99	Entitled to prorated deduction amount - use special formula**
\$83,000 or more	No deduction permissible

\*\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$73,000/\$10,000. This will give you a ratio that determines the amount you cannot deduct.\*

#### Married - joint return, both are covered or qualifying widower

Below \$117,000 or less	Entitled to full deduction
\$117,001 - \$136,999.99	Entitled to prorated deduction amount - use special formula**
\$137,000 or more	No deduction permissible

\*\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$117,000/\$20,000. This will give you a ratio that determines the amount you cannot deduct.\*

#### Married -

##### joint return, but only you are covered or qualifying widower

Below \$117,000 or less	Fully Deductible
\$117,001-\$136,999.99	Entitled to prorated deduction amount - use special formula**
\$137,000 or more	No deduction permissible

\*\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$117,000/\$20,000. This will give you a ratio that determines the amount you cannot deduct.\*

#### Married - joint return, but only your spouse is covered

Below \$218,000 or less	Fully Deductible
\$218,001-\$227,999.99	Entitled to prorated deduction amount - use special formula**
\$228,000 or more	No deduction permissible

\*\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$218,000/\$10,000. This will give you a ratio that determines the amount you cannot deduct.\*

#### Married Filing Separately

Below \$10,000	Entitled to prorated deduction amount - use special formula**
\$10,000 or more	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.\* A special rule provides that a married individual is not considered Married for IRA purposes for any year in which the individual and the individual's spouse file separate returns and did not live together at any time during the tax year.

\*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).

## Roth IRA Contribution Chart for 2022

Amount of AGI and Filing Status

### Single, Head of Household or Qualifying Widow(er)

Below \$129,000	Entitled to full contribution amount
\$129,000-\$143,999.99	Entitled to prorated contribution amount - use special formula*
\$144,000 or more	No contribution permissible

\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$129,000/\$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 \$204,000	Entitled to full contribution amount.
\$204,000-\$213,999.99	Entitled to prorated contribution amount - use special formula*
\$214,000 or more	No contribution permissible.

\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$204,000/\$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 more	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. If your filing status is Married Filing Separately, you are eligible to make a Roth IRA contribution as if your filing status was Single, as long as you did not live with your spouse at any time during the year.

## Roth IRA Contribution Chart for 2023

Amount of AGI and Filing Status

### Single, Head of Household or Qualifying Widow(er)

Below \$138,000	Entitled to full contribution amount
\$138,000-\$154,999.99	Entitled to prorated contribution amount - use special formula*
\$155,000 or more	No contribution permissible

\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$138,000/\$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 \$218,000	Entitled to full contribution amount.
\$218,000-\$227,999.99	Entitled to prorated contribution amount - use special formula*
\$228,000 or more	No contribution permissible.

\*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of \$218,000/\$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 more	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. If your filing status is Married Filing Separately, you are eligible to make a Roth IRA contribution as if your filing status was Single, as long as you did not live with your spouse at any time during the year.

## SEP and SIMPLE Limits

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023,</u>
Maximum SEP Contribution	\$57,000	\$58,000	\$61,000	\$66,000
Maximum SIMPLE Deferral (Under age 50)	\$13,500	\$13,500	\$14,000	\$15,500
Maximum SIMPLE Deferral (Age 50 & older)	\$16,500	\$16,500	\$17,000	\$19,000

## Saver's Credit Limits for 2022

The applicable percentage for 2022 is based on modified adjusted gross income (AGI) and your tax-filing status, and is determined by the following table:

### Joint Return

<u>AGI Over</u>	<u>AGI Not Over</u>	<u>Percentage</u>
\$0	\$41,000	50%
\$41,000	\$44,000	20%
\$44,000	\$68,000	10%
\$68,000	N/A	0%

### Head of Household

<u>AGI Over</u>	<u>AGI Not Over</u>	<u>Percentage</u>
\$0	\$30,750	50%
\$30,750	\$33,000	20%
\$33,000	\$51,000	10%
\$51,000	N/A	0%

### Other Filers Single, Qualifying Widow(er) & Married, Filing Separately

<u>AGI Over</u>	<u>AGI Not Over</u>	<u>Percentage</u>
\$0	\$20,500	50%
\$20,500	\$22,000	20%
\$22,000	\$34,000	10%
\$34,000	N/A	0%

## Saver's Credit Limits for 2023

The applicable percentage for 2023 is based on modified adjusted gross income (AGI) and your tax-filing status, and is determined by the following table:

### Joint Return

<u>AGI Over</u>	<u>AGI Not Over</u>	<u>Percentage</u>
\$0	\$43,500	50%
\$43,500	\$47,500	20%
\$47,500	\$72,500	10%
\$72,500	N/A	0%

### Head of Household

<u>AGI Over</u>	<u>AGI Not Over</u>	<u>Percentage</u>
\$0	\$32,625	50%
\$32,625	\$35,625	20%
\$35,625	\$54,375	10%
\$54,375	N/A	0%

### Other Filers Single, Qualifying Widow(er) & Married, Filing Separately

<u>AGI Over</u>	<u>AGI Not Over</u>	<u>Percentage</u>
\$0	\$21,750	50%
\$21,750	\$23,750	20%
\$23,750	\$36,250	10%
\$36,250	N/A	0%

## IRS IRA Statistics - 2019 Annual IRA Contributions

### How Many Taxpayers Were Eligible to Make an IRA Contribution in 2019?

#### Number of Taxpayers Who Filed Form 1040

(All figures are estimates based on samples - money amounts are in thousands of dollars)

Size of AGI	Total	AGI %	Eligible to make IRA Contributions	% Eligible
No AGI	2,763,646	1.30	752,336	27.23
\$1 under \$5,000	10,547,890	4.96	7,541,319	71.50
\$5,000 under \$10,000	10,751,034	5.06	8,613,069	80.11
\$10,000 under \$15,000	12,219,400	5.75	9,685,840	79.27
\$15,000 under \$20,000	11,314,185	5.32	8,944,587	79.06
\$20,000 under \$25,000	10,983,236	5.17	8,639,833	78.66
\$25,000 under \$30,000	10,882,088	5.12	8,558,495	78.65
\$30,000 under \$40,000	19,207,580	9.04	15,300,281	79.66
\$40,000 under \$50,000	15,573,785	7.33	12,318,842	79.10
\$50,000 under \$75,000	30,596,005	14.40	23,566,281	77.02
\$75,000 under \$100,000	22,355,700	10.52	17,281,514	77.30
\$100,000 under \$200,000	38,685,053	18.20	30,536,358	78.94
\$200,000 under \$500,000	13,442,192	6.33	10,387,598	77.28
\$500,000 under \$1,000,000	2,158,312	1.02	1,571,939	72.83
\$1,000,000 or more	1,021,692	0.48	669,767	65.55
All Taxpayers	212,501,798	100	164,368,059	77.35

1. 164,368,059 taxpayers were eligible to make an IRA contribution.
2. There was a total of 212,501,798 taxpayers.
3. 77.35% of taxpayers were eligible to make an IRA contribution.
4. A person can contribute to a traditional IRA or Roth IRA in addition to whatever the person contributes to their 401(k) account to SIMPLE-IRA. A person is better off making contributions to both types of retirement plans.
5. A person covered by a SEP-IRA with their employer is eligible to make either a traditional IRA contribution (it may not be deductible) or is eligible to make a Roth IRA contribution if she or he is otherwise eligible.
6. A person can contribute to a traditional IRA or Roth IRA in addition to whatever their employer contributes to a profit sharing plan or pension plan. One is better off making contributions to both types of retirement plans.

## How Many Taxpayers Participated in a Retirement Plan for IRA Deduction Purpose?

### Number of Taxpayers Who Filed Form 1040

(All figures are estimates based on samples - money amounts are in thousands of dollars)

Size of AGI	Total	AGI %	With Pension Coverage on Forms W-2	% Eligible	% Taxpayers with Pension Coverage
No AGI	2,763,646	1.30	131,712	0.16	.06
\$1 under \$5,000	10,547,890	4.71	497,110	0.61	.23
\$5,000 under \$10,000	10,751,034	5.06	1,037,630	1.28	.49
\$10,000 under \$15,000	12,219,400	5.75	1,628,146	2.01	.77
\$15,000 under \$20,000	11,314,185	5.32	2,059,578	2.56	.97
\$20,000 under \$25,000	10,983,236	5.17	2,782,134	3.44	1.31
\$25,000 under \$30,000	10,882,088	5.12	3,352,220	4.15	1.58
\$30,000 under \$40,000	19,207,580	9.04	7,294,365	9.02	3.43
\$40,000 under \$50,000	15,573,785	7.33	6,602,060	8.16	3.11
\$50,000 under \$75,000	30,596,005	14.40	13,836,055	17.11	6.51
\$75,000 under \$100,000	22,355,700	10.52	11,119,794	13.75	5.23
\$100,000 under \$200,000	38,685,053	18.20	21,305,605	26.35	10.03
\$200,000 under \$500,000	13,442,192	6.33	7,663,708	9.48	3.60
\$500,000 under \$1,000,000	2,158,312	1.02	1,113,605	1.38	.52
\$1,000,000 or more	1,021,692	0.48	438,307	0.54	.21
All Taxpayers	212,501,798	100	80,862,029	100	38.05

1. There were 80.9 million taxpayers who were covered by a retirement plan at work or 38.05% of all file tax returns. This means there were 131.6 million taxpayers (61.95%) who were not covered by a retirement plan at work. They don't need to be - they can contribute to a traditional IRA, Roth IRA or both. More people should take advantage of their right to make IRA contributions.
2. Many financial institutions do not make it as easy as they should to allow their customers to make an IRA contribution.

## How Many Taxpayers Contributed to an IRA for 2019?

### Number of Taxpayers Who Filed Form 1040

(All figures are estimates based on samples - money amounts are in thousands of dollars)

Size of AGI	Total	With Pension Cover- on Forms W-2	Number of Taxpayers	Amount	% of Taxpayers
No AGI	2,763,646	131,712	84,042	\$477,210	.04
\$1 under \$5,000	10,547,890	497,110	207,840	\$466,920	.10
\$5,000 under \$10,000	10,751,034	1,037,630	218,258	\$615,592	.10
\$10,000 under \$15,000	12,219,400	1,628,146	308,758	\$777,716	.15
\$15,000 under \$20,000	11,314,185	2,059,578	276,731	\$690,694	.13
\$20,000 under \$25,000	10,983,236	2,782,134	370,090	\$1,029,138	.17
\$25,000 under \$30,000	10,882,088	3,352,220	377,402	\$1,001,048	.18
\$30,000 under \$40,000	19,207,580	7,294,365	883,267	\$2,505,706	.42
\$40,000 under \$50,000	15,573,785	6,602,060	918,523	\$2,845,811	.43
\$50,000 under \$75,000	30,596,005	13,836,055	2,136,424	\$8,056,170	1.00
\$75,000 under \$100,000	22,355,700	11,119,794	1,894,886	\$8,110,514	.89
\$100,000 under \$200,000	38,685,053	21,305,605	4,793,575	\$25,408,12	2.26
\$200,000 under \$500,000	13,442,192	7,663,708	1,820,453	\$16,273,61	.86
\$500,000 under \$1,000,000	2,158,312	1,113,605	405,088	\$4,886,268	.19
\$1,000,000 or more	1,021,692	438,307	182,811	\$2,360,853	.08
All Taxpayers	212,501,798	80,862,029	14,878,148	\$75,505,38	7.00

1. In 2019 75.5 billion was contributed to IRAs.
2. 14.9 million tax returns reflected one or more of the four types of IRA contributions.
3. 14.9 million tax returns is only 7% all tax returns. There are many persons who could be making IRA contributions. Most IRA contributions are made by persons with AGI in the range of \$50,000 to \$500,000.
4. Marketing of IRAs should be improved.
5. Many financial institutions do not make it as easy as they should to allow their customers to make an IRA contribution.



## How Many 2019 Tax Returns Reflected a Rollover?

(All figures are estimates based on samples - money amounts are in thousands of dollars)

Size of AGI	No. of Taxpayers	Amount	Average
No AGI	29,126	\$3,212,614	\$110,300
\$1 under \$5,000	51,758	\$2,127,927	\$41,113
\$5,000 under \$10,000	81,329	\$3,027,344	\$37,223
\$10,000 under \$15,000	122,890	\$5,034,513	\$40,968
\$15,000 under \$20,000	117,053	\$4,104,118	\$35,062
\$20,000 under \$25,000	145,043	\$7,217,491	\$49,761
\$25,000 under \$30,000	147,393	\$4,655,550	\$31,586
\$30,000 under \$40,000	296,821	\$10,313,506	\$34,747
\$40,000 under \$50,000	291,027	\$13,896,740	\$47,751
\$50,000 under \$75,000	732,627	\$44,090,681	\$60,182
\$75,000 under \$100,000	659,922	\$57,484,912	\$87,109
\$100,000 under \$200,000	1,498,678	\$185,137,692	\$123,534
\$200,000 under \$500,000	713,921	\$145,689,345	\$204,069
\$500,000 under \$1,000,000	131,218	\$42,635,572	\$324,922
\$1,000,000 or more	61,003	\$25,758,579	\$422,251
All Taxpayers	5,079,809	\$554,386,584	\$109,135

A financial institution will benefit by being ready and able to service your customers wanting to make a rollover or direct rollover contribution. The size of rollovers may well exceed \$100,000. The average rollover amount for 2019 was \$109,135.

1. 554 billion was rolled over in 2019.
2. There were 5,079,809 tax returns reporting a rollover.
3. The average rollover was \$109,135.
4. 25% of rollovers applied to tax returns with less than \$50,000 of AGI. The 1,282,440 tax returns with AGI less than \$50,000 rolled over \$91,939,803,000 or an average of \$35,648.
5. 83.4% of the 554 billion was attributable to those with AGI of \$50,000 or more or \$462 billion.
6. The average rollover was \$236,258 for AGIs of \$200,000 or more.

### **Roth IRA Contributions 2019**

(All figures are estimates based on samples - money amounts are in thousands of dollars)

Age of Taxpayer	No. of Taxpayers	Amount	Average
No Age Information	4,098	\$13,668	\$3,335.29
Under 15	13,219	\$46,301	\$3,502.61
15 under 20	137,026	\$303,193	\$2,212.67
20 under 25	593,263	\$1,572,904	\$2,651.28
25 under 30	920,833	\$2,856,881	\$3,102.50
30 under 35	1,017,661	\$3,233,287	\$3,177.17
35 under 40	948,192	\$2,881,746	\$3,039.20
40 under 45	814,933	\$2,452,050	\$3,008.90
45 under 50	760,468	\$2,308,444	\$3,035.56
50 under 55	724,762	\$2,838,686	\$3,916.71
55 under 60	786,124	\$3,274,734	\$4,165.21
60 under 65	657,591	\$3,126,733	\$4,754.83
65 under 70	381,598	\$1,813,807	\$4,753.18
70 or over	180,239	\$884,451	\$4,907.10
All Taxpayers	7,940,007	\$27,606,885	\$3,476.93

1. More than 7.9 million taxpayers made Roth IRA contributions. Total amount contributed was \$27.6 billion. The average contribution was \$3,477.
2. The age category of 30-35 had the largest share of contributions with 1,017,661.
3. 8 categories had more than 600,000 contributors.
4. People over age 60 made the largest contributions.
5. The amount contribute to Roth IRAs (27.6 billion exceeded the amounts contributed to traditional IRAs (20 billion), SEP-IRAs (16 billion) and SIMPLE-IRAs (11.3 billion).