

New I.R.S. Contribution Limits

Changes for 2020.

Provided by «representativename»

The I.R.S. just increased the annual contribution limits on IRAs, 401(k)s, and other widely used retirement plan accounts for 2020. Here's a quick look at the changes.

*Next year, you can put up to \$6,000 in any type of IRA. The limit is \$7,000 if you will be 50 or older at any time in 2020.^{1,2}

*Annual contribution limits for 401(k)s, 403(b)s, the federal Thrift Savings Plan, and most 457 plans also get a \$500 boost for 2020. The new annual limit on contributions is \$19,500. If you are 50 or older at any time in 2020, your yearly contribution limit for one of these accounts is \$26,000.^{1,2}

*Are you self-employed, or do you own a small business? You may have a solo 401(k) or a SEP IRA, which allows you to make both an employer *and* employee contribution. The ceiling on total solo 401(k) and SEP IRA contributions rises \$1,000 in 2020, reaching \$57,000.³

*If you have a SIMPLE retirement account, next year's contribution limit is \$13,500, up \$500 from the 2019 level. If you are 50 or older in 2020, your annual SIMPLE plan contribution cap is \$16,500.³

*Yearly contribution limits have also been set a bit higher for Health Savings Accounts (which may be used to save for retirement medical expenses). The 2020 limits: \$3,550 for individuals with single medical coverage and \$7,100 for those covered under qualifying family plans. If you are 55 or older next year, those respective limits are \$1,000 higher.⁴

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Citations.

1 - [irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits](https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits) [11/8/19]

2 - [irs.gov/newsroom/401k-contribution-limit-increases-to-19500-for-2020-catch-up-limit-rises-to-6500](https://www.irs.gov/newsroom/401k-contribution-limit-increases-to-19500-for-2020-catch-up-limit-rises-to-6500) [11/6/19]

3 - [forbes.com/sites/ashleaebeling/2019/11/06/irs-announces-higher-2020-retirement-plan-contribution-limits-for-401ks-and-more/](https://www.forbes.com/sites/ashleaebeling/2019/11/06/irs-announces-higher-2020-retirement-plan-contribution-limits-for-401ks-and-more/) [11/6/19]

4 - [cnbc.com/2019/06/03/these-are-the-new-hsa-limits-for-2020.html](https://www.cnbc.com/2019/06/03/these-are-the-new-hsa-limits-for-2020.html) [6/4/19]