

The Internal Revenue Service has announced cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2019. The income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Arrangements (IRAs), to contribute to Roth IRAs, and to claim the saver's credit all increased for 2019.

The highlights of limitations that changed from 2018 to 2019 include the following:

- 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.
- The income phase-out range for taxpayers making contributions to a Roth IRA is \$122,000 to \$137,000 for singles and heads of household, up from \$120,000 to \$135,000. For married couples filing jointly, the income phase-out range is \$193,000 to \$203,000, up from \$189,000 to \$199,000.
- For single taxpayers covered by a workplace retirement plan, the phase-out range is \$64,000 to \$74,000, up from \$63,000 to \$73,000.
- For married couples filing jointly, where the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is \$103,000 to \$123,000, up from \$101,000 to \$121,000.
- The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased from \$18,500 to \$19,000.
- The limit on annual contributions to an IRA, is increased from \$5,500 to \$6,000. The catch-up contribution limit for individuals aged 50 and over remains at \$1,000.
- The income limit for the Saver's Credit (also known as the Retirement Savings Contributions Credit) for low- and moderate-income workers is \$64,000 for married couples filing jointly, up from \$63,000; \$48,000 for heads of household, up from \$47,250; and \$32,000 for singles and married individuals filing separately, up from \$31,500.

The highlights of limitations that remain unchanged from 2018 include the following:

- The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan remains unchanged at \$6,000.
- The dollar limitation under Section 414(v)(2)(B)(ii) for catch-up contributions to an applicable employer plan described in Section 401(k)(11) or Section 408(p) for individuals aged 50 or over remains unchanged at \$3,000.

START SAVING

NOW - A child born in 2018 that begins kindergarten in the fall of 2023 would attend college between the years of 2036 and 2040. If that child attended an average public in-state 4-year college and if the annual price increases for public colleges experienced over the last 30 years (+5.4% per year) continued into the future, the aggregate 4-year cost of the child's college education (including tuition, fees, room & board) would be \$237,262 or \$59,315 per year (source: College Board).

HOW BIG? - There are \$15.27 trillion of outstanding US Treasuries as of 9/30/18, including bills, notes, bonds, TIPS (Treasury Inflation-Protected Securities) and FRNs (Floating Rate Notes) (source: Treasury Department).

These are the views of James Steen. No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy.

All economic and performance information is historical and not indicative of future results. The market indices discussed are unmanaged. Investors cannot directly invest in unmanaged indices. Investment Advisor Representatives offering securities and Advisory Services through Cetera Advisors LLC, member FINRA, SIPC. Petra Financial Solutions is not affiliated with Cetera Advisors LLC. Petra Financial Solutions, Inc. 385 Regency Ridge Drive, Dayton, OH 45459-4252.