



ADVANCED SALES COMMENT

Consumer Price Index (CPI) Inflation-Adjusted Numbers for 2020: Qualified Plans & IRAs

Recently, the Internal Revenue Service (IRS) announced the Consumer Price Index (CPI) inflation-adjusted numbers for qualified plans and Individual Retirement Accounts (IRAs) in 2020. These numbers relate to contributions to qualified plans and IRAs. These include pensions, profit sharing plans, 401(k)s, 403(b)s, 457(b)s, IRAs, Simplified Employee Pensions (SEPs), SIMPLEs, Roth IRAs, and Roth 401(k)s.

HERE ARE THE QUALIFIED PLAN HIGHLIGHTS:

The elective deferral contribution limit for participants in 401(k), 403(b), most 457(b) plans, and the federal government’s Thrift Saving Plan:	Increased from \$19,000 to \$19,500.
The catch-up contribution limit for employees age 50 and older who participate in the above plans:	Increased from \$6,000 to \$6,500.
The annual payout from a defined benefit pension plan:	Increased from \$225,000 to \$230,000.
The limitation for contributions to a defined contribution plan:	Increased from \$56,000 to \$57,000.
The annual considered compensation limits for qualified plans:	Increased from \$280,000 to \$285,000.
The dollar limit concerning the definition of a key employee in a top-heavy plan:	Increased from \$180,000 to \$185,000.
The limitation for a highly compensated employee:	Increased from \$125,000 to \$130,000.
The contribution limits for SEP IRAs:	Increased from \$56,000 to \$57,000.
The catch-up contribution limit for employees age 50 and older who participate in SIMPLE plans:	Remains unchanged at \$3,000.

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TRADITIONAL IRA DEDUCTION AND PHASE-OUTS:

Contributions to an IRA and/or a Roth IRA:	Remains unchanged at \$6,000.
The catch-up contribution limit for individuals age 50 and older who contribute to an IRA and/or a Roth IRA:	Remains unchanged at \$1,000.
IRA contributions for single individuals or heads of household who are covered by a workplace retirement plan will be phased out at modified adjusted gross incomes (MAGI):	Increased to between \$65,000 and \$75,000 in 2020. This is up from the 2019 limits of \$64,000 to \$74,000.
Workplace retirement plan phase-outs: For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by the plan, the MAGI phase-out range is:	Increased to between \$104,000 to \$124,000 in 2020. This is up from the 2019 limits of \$103,000 to \$123,000.
Married IRA contributor not covered by a workplace retirement plan married to someone who is covered, the MAGI deduction phase-out occurs when the couple's income is:	Increased to between \$196,000 and \$206,000 in 2020. This is up from the 2019 limits of \$193,000 to \$203,000.
The MAGI limit phase-out amounts for married taxpayers filing jointly for Roth IRAs:	Increased to between \$196,000 to \$206,000 in 2020. This is up from the 2019 limits of \$193,000 to \$203,000.
For single taxpayers and heads of household contributing to a Roth IRA, the phase-out range is:	Increased to between \$124,000 to \$139,000 in 2020. This is up from the 2019 limits between \$122,000 to \$137,000.
For married individuals filing separately and making contributions to a Roth IRA, the phase-out limits:	Remains unchanged between \$0 and \$10,000.

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