



*Retiring the Month with Mike - January Edition*

## **2021 Limits for IRA's, 401(k)'s and More**

*Presented by Michael A. Mendillo Jr, CFP®*

On October 26, the Treasury Department released the 2021 adjusted figures for retirement account savings. Although these adjustments won't bring any major changes, there are some minor elements to note.

### **401(k)s**

The salary deferral amount for 401(k)s remains the same at \$19,500, while the catch-up amount of \$6,500 also remains unchanged. However, the overall limit for these plans will increase from \$57,000 to \$58,000 in 2021.<sup>1</sup>

### **Individual Retirement Accounts (IRA)**

The limit on annual contributions remains at \$6,000 for 2021, and the catch-up contribution limit is also unchanged at \$1,000.<sup>2</sup>

### **Roth IRA**

Roth IRA account holders will experience some slightly beneficial changes. In 2021, the Adjusted Gross Income (AGI) phase-out range will be \$198,000 to \$208,000 for couples filing jointly. This will be an increase from the 2020 range of \$196,000 to \$206,000. For those who file as single or as head of household, the income phase-out range has also increased. The new range for 2021 will be \$125,000 to \$140,000, up from the current range of \$124,000 to \$139,000.<sup>3</sup>

Although these modest increases won't impact many, it's natural to have questions anytime the financial landscape changes. If you're curious about any of the above, give me a call at the number below for more information.

1. IRS.gov, October 26, 2020

2. IRS.gov, October 26, 2020

3. IRS.gov, October 26, 2020

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Sincerely,

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