

2020/2021 dollar limitations for retirement plans



Wealth Management

Some new limitations will apply to retirement plans and other benefit plans in 2021 as a result of cost-of-living adjustments made by the IRS and the Social Security Administration. The limits for 2021, as well as the 2020 limits, are as follows:

Account Types		2020 Limit	2021 Limit
IRA	Traditional and Roth IRA contribution limit	\$6,000	\$6,000
	Catch-up limit for individuals age 50 and older	\$1,000	\$1,000
SIMPLE IRA	Elective deferral limit	\$13,500	\$13,500
	Catch-up limit for individuals age 50 and older	\$3,000	\$3,000
	Maximum employer match (\$1 for \$1 match on the first 3% of employee compensation deferred).	\$13,500	\$13,500
	Maximum employer non-elective contribution (2% of employee's compensation, up to \$285k in 2020 and \$290k in 2021)	\$5,700	\$5,800
	Catch-up deferral is also matched by employer if individual is age 50 or older.	\$3,000	\$3,000
SEP IRA	Maximum SEP contribution	\$57,000	\$58,000
	SEP compensation exclusion	\$600	\$650
401(k), SARSEP, 403(b) and Governmental 457(b)	Elective deferral limit	\$19,500	\$19,500
	Catch-up limit for individuals age 50 and older	\$6,500	\$6,500
Profit Sharing, 401(k) and Money Purchase Pension	Defined contribution limit (415(c) limit)	\$57,000	\$58,000
Profit Sharing, 401(k), SEP and Money Purchase Pension	Employee annual compensation limit	\$285,000	\$290,000
401(k), SARSEP, 403(b) and Governmental 457(b)	Highly compensated employee limit (no requirement for 5% owner)	\$130,000	\$130,000
Profit Sharing, 401(k) and Money Purchase Pension	Top-heavy plan key employee compensation limit	\$185,000	\$185,000
Defined Benefit	Maximum annual benefit at retirement	\$230,000	\$230,000

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Modified Adjusted Gross Income (MAGI) phase-out ranges for traditional IRA deduction when taxpayer is covered by a retirement plan at work		
Filing status	2020 Limit	2021 Limit
Single or head of household	\$65,000 - \$75,000	\$66,000 - \$76,000
Married filing jointly	\$104,000 - \$124,000	\$105,000 - \$125,000
Married filing jointly for non-covered spouse with a spouse who is an active participant	\$196,000 - \$206,000	\$198,000 - \$208,000
MAGI phase-out ranges for Roth IRA annual contributions		
Filing status	2020	2021
Single or head of household	\$124,000 - \$139,000	\$125,000 - \$140,000
Married filing jointly	\$196,000 - \$206,000	\$198,000 - \$208,000
Social Security		
	2020	2021
Social security taxable wage base	\$137,700	\$142,800
Maximum earnings for individuals under normal retirement age before Social Security benefits are reduced. One dollar in benefits will be withheld for every \$2 in earnings above the limit.	\$18,240 (\$1,520/mo)	\$18,960 (\$1,580/mo)
Maximum Social Security benefit at social security full retirement age	\$3,011	\$3,148
529/Gift Tax Exclusion		
Filing status	2020	2021
Single or head of household	\$15,000	\$15,000
Married filing jointly	\$30,000	\$30,000
Health Savings Accounts (HSAs)		
	2020	2021
Maximum contribution limit	Single	\$3,550
	Family	\$7,100
	Catch-Up (sgr 55 by the end of the year)	\$1,000
Minimum annual deductible for High Deductible Health Plan (HDHP)	Single	\$1,400
	Family	\$2,800
HDHP maximum out-of-pocket expenses	Single	\$6,900
	Family	\$13,800