

November 27, 2017

# IRS Announces Updates for Contribution Limits and Income Thresholds for Retirement Plans in 2018

401(K) PLANS, BENEFITS, INTERNAL REVENUE SERVICE  
BY

Employees who participate in 401(k), 403(b) or 457(b) plans will be able to contribute up to \$18,500 in 2018, up from \$18,000 for 2017. This limit is aggregated to all plans, including pre-tax and Roth 401(k) contributions, but can also be lowered by the terms of the plan itself, such as a salary percentage cap. The additional catch-up pre-tax contribution limit available to employees over age 50 will remain unchanged at \$6,000, which increases the total contribution limit from \$18,500 to \$24,500 for those employees.

Income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Arrangements (IRAs) and Roth IRAs are all scheduled to increase in 2018.

The 2018 IRA contribution limit remains at \$5,500, but an individual can still deduct contributions to a traditional IRA if they meet certain conditions. If, during the year, either the taxpayer or their spouse is covered by a retirement plan at work, the deductible contribution may be reduced or phased out until it is eliminated, depending on filing status and income. If neither the taxpayer nor their spouse is covered by a retirement plan at work, the phase-outs of the deductible contribution do not apply. The updated phase-out ranges for 2018 are:

- Single and heads of household, \$63,000 to \$73,000; married filing separately, remains \$0 to \$10,000.
- Married filing jointly covered by a workplace retirement plan, \$101,000 to \$121,000.
- Married filing jointly not covered by a workplace retirement plan, \$189,000 to \$199,000.

The income phase-out ranges for taxpayers making contributions to a Roth IRA are:

- Single and heads of household, \$120,000 to \$135,000.
- Married couples filing jointly, \$189,000 to \$199,000.
- Married individual filing a separate, remains \$0 to \$10,000.

Our tax professionals can assist you in determining your eligibility to make retirement plan contributions. Visit the *Our Thoughts On Blog* for more articles pertaining to retirement and tax planning.

For more information, [contact Schneider Downs](#).

## You've heard our thoughts... We'd like to hear yours

The Schneider Downs Our Thoughts On blog exists to create a dialogue on issues that are important to organizations and individuals. While we enjoy sharing our ideas and insights, we're especially interested in what you may have to say. If you have a question or a comment about this article – or any article from the Our Thoughts On blog – we hope you'll share it with us. After all, a dialogue is an exchange of ideas, and we'd like to hear from you. Email us at [contactSD@schneiderdowns.com](mailto:contactSD@schneiderdowns.com).

Material discussed is meant for informational purposes only, and it is not to be construed as investment, tax, or legal advice. Please note that individual situations can vary. Therefore, this information should be relied upon when coordinated with individual professional advice.

© 2024 Schneider Downs. All rights-reserved. All content on this site is property of Schneider Downs unless otherwise noted and should not be used without [written permission](#).