



# How much money can I put into my IRA or employer-sponsored retirement plan?



IRAs and employer-sponsored retirement plans are subject to annual contribution limits set by the federal government. The limits are adjusted periodically to compensate for inflation and increases in the cost of living.

## **IRAs**

For the 2022 tax year, you can contribute up to \$6,000 (unchanged from 2021) to all IRAs combined (the limit is adjusted periodically for inflation). If you have a traditional IRA as well as a Roth IRA, you can only contribute a total of the annual limit in one year, not the annual limit to each.

If you are age 50 or older, you can also make a \$1,000 annual "catch-up" contribution.

## **Work-based retirement plans**

Work-based retirement plans such as 401(k)s and 403(b)s have a \$20,500 contribution limit in 2022 (up from \$19,500 in 2021); individuals age 50 and older can contribute an extra \$6,000 each year as a catch-up contribution. [Section 403(b) and 457(b) plans may also provide special catch-up opportunities.]

## **SIMPLE plans**

You can contribute up to \$14,000 to a SIMPLE IRA or SIMPLE 401(k) plan in 2022, (up from \$13,500 in 2021) and an extra \$3,000 catch-up contribution if you are age 50 or older.

Distributions from traditional IRAs and most employer-sponsored retirement plans are taxed as ordinary income, except for any after-tax contributions you've made, and the taxable portion may be subject to a 10% federal income tax penalty if taken prior to reaching age 59½ (unless an exception applies). If you participate in both a traditional IRA and an employer-sponsored plan, your IRA contributions may or may not be tax deductible, depending on your adjusted gross income.

## **IMPORTANT DISCLOSURES**

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