



Second Quarter 2021

Tax-Deferred and Tax-Exempt Plan Contribution Limits for 2020 and 2021

The following table shows the maximum individual/employee contributions allowed by the IRS, with the exception of the SEP IR , where the company contribution limit is shown. Employer-sponsored plans may have different limitations. While contribution limits are largely similar among the different plan types, there are limitations as to who can and cannot contribute or deduct contributions based on income levels or participation in employer-sponsored plans. You may be able to use additional employer-funded plans if you have self-employment income. Distributions from traditional IR s and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59½, may be subject to an additional 10% IRS tax penalty.

Type of Retirement Plan	Maximum Annual Contributions			
	2020		2021	
	Under Age 50	50 and Older	Under Age 50	50 and Older
Individual Retirement Plans*				
Traditional and Roth IRA	\$6,000	\$7,000	\$6,000	\$7,000
Employer-Sponsored Retirement Plans				
401(k), Roth 401(k), 403(b), 457 and SARSEP Plans - elective employee contributions	\$19,500	\$26,000	\$19,500	\$26,000
SEP-Simplified Employee Pension-IRA	Employer contribution - 25% of compensation up to \$57,000		Employer contribution - 25% of compensation up to \$58,000	
Small Business or Self-Employed Retirement Plans - Can make contributions as both an employer and an employee				
Self-Employed 401k (a.k.a., Solo-401k, Individual 401k, Roth 401k)	Salary deferral up to 100% of compensation, to a maximum of \$57,000 (2020) or \$58,000 (2021), plus \$19,500 employee contribution (\$26,000 if over age 50)**			
SIMPLE (Savings Incentive Match Plan for Employees) IRA	\$13,500	\$16,500	\$13,500	\$16,500
Coverdell Education Savings Account*				
Per beneficiary under age 18	\$2,000		\$2,000	
Annual Gift Tax Exclusion				
Amount that can be given from an individual to an individual without incurring gift taxes	\$15,000		\$15,000	

** 401ks, Traditional and Roth IRAs, and Coverdell Education Savings Accounts have income phase out ranges for determining tax deductibility or eligibility. Please check with your tax adviser or review literature on these retirement accounts to make certain you qualify. ** The maximum elective employee contribution is limited to \$19,500 (under 50) or \$26,000 (50 years and older) across all 401k plans in which the individual participates.*

Employer sponsored retirement accounts are subject to limitations with respect to employee elective contributions. Employees classified as "Highly Compensated" may be subject to contribution limits based on their employer's overall participation and the participation of other employees. Check with your firm's human resources department if you have questions about your plan. Anyone age 50 or older is eligible to make catch up contributions. Employers are not required to permit catch up contributions; however, since these contributions are not subject to nondiscrimination rules and eligibility is easily established, most permit catch up contributions. The preceding information is not intended as tax or legal advice. Please check with your appropriate advisers if you have questions regarding your retirement accounts.

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