



TaxNewsFlash

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Notice 2016-62: Pension plans, cost-of-living adjustments for 2017

The IRS today released an advance version of Notice 2016-62 providing the dollar limitations for qualified retirement plans for tax year 2017.

Changes for 2017

[Notice 2016-62](#) [PDF 25 KB] and a related IRS release—[IR-2016-141](#) (October 27, 2016)—note the following changes in amounts from 2016 to 2017.

- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$186,000 and \$196,000 (up from \$184,000 and \$194,000).
- The AGI phase-out range for taxpayers making contributions to a Roth IRA for married couples filing jointly is \$186,000 to \$196,000 (up from \$184,000 to \$194,000). For single taxpayers and heads of household, the income phase-out range is \$118,000 to \$133,000 (up from \$117,000 to \$132,000).
- The AGI limit for the saver's credit—also known as the retirement savings contribution credit—for low- and moderate-income workers is \$62,000 for married couples filing jointly (up from \$61,500); \$46,500 for heads of household (up from \$46,125); and \$31,000 for married individuals filing separately and for singles (up from \$30,750).
- The deduction for taxpayers making contributions to a traditional IRA is phased out for those who have modified adjusted gross incomes (AGI) within a certain range. For single taxpayers who are covered by a workplace retirement plan, the income phase-out range is increased to \$62,000 to \$72,000 (up from \$61,000 to \$71,000). For married couples filing jointly, when the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out range is increased to \$99,000 to \$119,000 (up from \$98,000 to \$118,000). For a married

individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

401(k) amounts

The limitations that remain unchanged from 2016 include the following:

- The elective deferral (contribution) limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan remains unchanged at \$18,000.
- The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan remains unchanged at \$6,000.
- The limit on annual contributions to an Individual Retirement Arrangement (IRA) remains unchanged at \$5,500. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains \$1,000.
- The AGI phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

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