

TaxNewsFlash

United States

No. 2016-480
October 27, 2016

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.

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at +1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)