

## 2021 IRA AND QUALIFIED PLAN CONTRIBUTION LIMITS UPDATE

Do you have clients who may be considering making maximum contributions to their employer-sponsored qualified plans and/or IRAs in 2021?

The IRS announced the 2021 cost-of-living adjustment (COLA) increases to contribution limits for IRAs and qualified plans.

Each year, the IRS adjusts these numbers for cost-of-living increases in \$500 increments when statutory thresholds are met. Although there were no changes to traditional and Roth IRAs, we did see some increase for defined contribution limits with employer contributions.

During discussions regarding maximum contributions for your clients' traditional or Roth IRAs, it's important to understand the deductible IRA and Roth IRA phase-out ranges to avoid the 6% excess contributions penalty for your clients. The table and links below may help with planning your client's contributions for 2021.

	2020 Limits	2021 Limits	COLA Increases
Traditional and Roth IRA Contribution Limits	\$6,000	\$6,000	No Change
Traditional and Roth IRA Catch-Up Contributions (Ages 50 and older)	\$1,000	\$1,000	No Change
SIMPLE IRA Maximum Contributions	\$13,500	\$13,500	No Change
SIMPLE IRA Catch-Up Contributions (Ages 50 and older)	\$3,000	\$3,000	No Change
SEP-IRA Contribution Limit	\$57,000	\$58,000	<b>\$1,000</b>
401(k), 403(b), and 457(b) Maximum Elective Deferrals	\$19,500	\$19,500	No Change
401(k), 403(b), and 457(b) Catch-Up Contributions (Ages 50 and older)	\$6,500	\$6,500	No Change
IRC 415 Defined Contribution Limits	\$57,000	\$58,000	<b>\$1,000</b>
Qualified Longevity Annuity Contract (QLAC)	\$135,000	\$135,000	No Change

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More information regarding COLA and phase-out ranges can be found in the [2021 Limitations Adjusted as Provided in Section 415\(d\), etc.](#) IRS notice. To help give you a rough idea of the maximum allowable contributions for traditional and Roth IRAs, you can use our [“How Much Can I Contribute to an IRA?”](#) calculator.

### [Additional Resources and Links](#)

[2021 Limitations Adjusted as Provided in Section 415\(d\), etc.](#)

[2021 Retirement Plan and Social Security Limits Overview](#)

[2021 Federal Tax Amounts and Limits](#)

[Should I Convert to a Roth IRA](#)

For additional information about the increase in limits, please contact the Retirement Strategies Group at (800) 722-2333, ext. 3939, or email [RSG@PacificLife.com](mailto:RSG@PacificLife.com).  
[PacificLife.com](http://PacificLife.com)

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