



# NEW YEAR! NEW CONTRIBUTION LIMITS!

If saving more for retirement is one of your clients' New Year's resolutions for 2022, the table and links below will help plan for the 2022 contributions and help get your clients closer to meeting retirement-savings resolutions.

The Internal Revenue Service (IRS) has announced the 2022 cost-of-living adjustment (COLA) increases to contribution limits for Individual Retirement Accounts (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, there was an increase for defined contribution

limits with employer plans. In addition, the [life expectancy tables](#) used to calculate required minimum distributions (RMDs) also have been updated.

While discussing maximum contributions with clients for traditional or Roth IRAs, it's important to understand the deductible IRA and Roth IRA phaseout ranges to avoid the 6% excess contributions penalty. The table below may help with planning contributions for 2022.

	2021 Limits	2022 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	\$14,000	\$500
SIMPLE IRA Catch-Up Contributions (Ages 50 and Older)	\$3,000	\$3,000	No change
SEP-IRA Contribution Limit	\$58,000	\$61,000	\$3,000
401(k), 403(b), and 457(b) Maximum Elective Deferrals	\$19,500	\$20,500	\$1,000
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	\$58,000	\$61,000	\$3,000
Qualified Longevity Annuity Contract (QLAC)	\$135,000	\$145,000	\$145,000

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Here are some considerations on how to help clients meet their New Year's resolutions to save more for retirement:

- Each year while making decisions to fund retirement savings, clients and their financial professionals keep in mind phaseout ranges to contribute to traditional and Roth IRAs. For clients who exceed the phaseout range (provided in the link below), there is now an additional \$1,000 they can contribute to their retirement plans.
- Clients owning Individual 401(k) accounts (also called Indi(k) accounts) receive quite a bump on contribution maximums. In 2022, clients have an additional \$4,000 they could contribute: \$1,000 salary deferral and \$3,000 employer contribution.
- The RMD tables have been updated and could help clients keep retirement savings stashed away. The adjustment will decrease annual RMD requirements, which can result in more legacy savings for the retiree.

### Additional Resources and Links

[2022 Limitations Adjusted](#)

[Updated Life Expectancy](#)

For more information about retirement planning, please contact our Retirement Strategies Group at [RSG@PacificLife.com](mailto:RSG@PacificLife.com) or (800) 722-2333, ext. 3939.  
[PacificLife.com](https://www.PacificLife.com)

As retirees get closer to retirement, most take action by maxing out contribution amounts using different tax-efficient vehicles. The 2022 cost-of-living-adjustment provides additional avenues for retirees to increase savings for retirement and legacy planning.

More information regarding COLA and phaseout ranges can be found in the 2022 Limitations Adjusted link below as provided in [Section 415\(d\), etc. IRS notice](#). To help illustrate the maximum allowable contributions for traditional and Roth IRAs, refer to the [“How Much Can I Contribute to an IRA?”](#) calculator.

Good tax planning is a great first step for a bright 2022!

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