

IRM PROCEDURAL UPDATE

DATE: 06/17/2024

NUMBER: ts-21-0624-0771

SUBJECT: Added 2024 to Various Contribution Limits Tables for IRA, SEP, SIMPLE, Etc.

AFFECTED IRM(s)/SUBSECTION(s): 21.6.5

CHANGE(s):

IRM 21.6.5.2(3) Added 2024 phase out amounts for IRA deductions. Changes made due to annual cap updates.

(3) If covered by a retirement plan at work, the taxpayer's deduction for contributions to a traditional IRA is reduced (phased out) if the modified adjusted gross income (MAGI) is:

Year	Married Filing Jointly or Qualifying Widow(er)	Single or Head of Household	Married Filing Separately
2024	More than \$123,000 but less than \$143,000	More than \$77,000 but less than \$87,000	Less than \$10,000
2023	More than \$116,000 but less than \$136,000	More than \$73,000 but less than \$83,000	Less than \$10,000
2022	More than \$109,000 but less than \$129,000	More than \$68,000 but less than \$78,000	Less than \$10,000
2021	More than \$105,000 but less than \$125,000	More than \$66,000 but less than \$76,000	Less than \$10,000
2020	More than \$104,000 but less than \$124,000	More than \$65,000 but less than \$75,000	Less than \$10,000

Note: Once the maximum phase out amount is reached, there is no deduction available as the deduction would be completely phased out.

IRM 21.6.5.3.1(2) Added maximum deductible contribution limits for 2024 to the table. Changes made due to annual cap updates.

(2) See the table below for the maximum deductible contribution limits.

Year	Regular	If Age 50 Or Over
2024	\$7,000	\$8,000

2023	\$6,500	\$7,500
2020 - 2022	\$6,000	\$7,000

For more information, refer to Pub 590-A, Contributions to Individual Retirement Arrangements (IRAs).

IRM 21.6.5.3.2(3) Added spousal contribution limits for 2024 to the table. Changes made due to annual cap updates.

(3) See the table below for spousal contribution limits in the case of a married taxpayer filing a joint return.

Year	Regular Spouse	If Spouse Is Age 50 Or Over
2024	\$7,000	\$8,000
2023	\$6,500	\$7,500
2020 - 2022	\$6,000	\$7,000

For more information, refer to Spousal IRA Limits in Pub 590-A, Contributions to Individual Retirement Arrangements (IRAs).

IRM 21.6.5.3.4(1) Added the annual limit on the amount of employer contributions to an employee's SEP-IRA for 2024. Changes due to annual cap updates.

(1) A Simplified Employee Pension (SEP) is a simplified retirement plan under which an employer makes contributions for employees to traditional IRAs or Roth IRAs (SEP-IRAs).

Note: The employer must make contributions for each eligible employee in a SEP, even if over age 70^{1/2}; however, such an employee must take required minimum distributions beginning at age 70^{1/2} (age 72 if the employee turned 70^{1/2} after 2019). For more information on required minimum distributions, refer to IRM 21.6.5.4.5, Excess Accumulations.

- a. For tax year 2019 the annual limit on the amount of employer contributions to an employee's SEP-IRA is the smaller of \$56,000 or 25 percent of the employee's compensation.
- b. For tax year 2020 the annual limit on the amount of employer contributions to an employee's SEP-IRA is the smaller of \$57,000 or 25 percent of the employee's compensation.
- c. For tax year 2021 the annual limit on the amount of employer contributions to an employee's SEP-IRA is the smaller of \$58,000 or 25 percent of the employee's compensation.
- d. For tax year 2022 the annual limit on the amount of employer contributions to an employee's SEP-IRA is the smaller of \$61,000 or 25 percent of the employee's compensation.

- e. For tax year 2023 the annual limit on the amount of employer contributions to an employee's SEP-IRA is the smaller of \$66,000 or 25 percent of the employee's compensation.
- f. For tax year 2024 the annual limit on the amount of employer contributions to an employee's SEP-IRA is the smaller of \$69,000 or 25 percent of the employee's compensation.
- g. Special rules apply when computing the maximum deduction for a self-employed person.
- h. Special rules apply for participation, discrimination, distributions, and contributions for SEPs.

IRM 21.6.5.3.5(6) Added annual salary reduction contributions to their SIMPLE IRA for 2024. Changes made due to annual cap updates.

(6) Under a SIMPLE IRA Plan, an eligible employee may elect to have their employer make limited annual salary reduction contributions to their SIMPLE IRA. Refer to the table below for annual limits on contribution amounts.

Year	Salary Deferral Limit	If Age 50 Or Over
2024	\$16,000	\$19,500
2023	\$15,500	\$19,000
2022	\$14,000	\$17,000
2021	\$13,500	\$16,500
2020	\$13,500	\$16,500

IRM 21.6.5.4.6.1(1) Added maximum total yearly contribution for traditional and ROTH IRAs combined for 2024. Changes made due to annual cap updates.

(1) A taxpayer must coordinate contribution limits for traditional IRAs and Roth IRAs. The maximum total yearly contribution that an individual can make to all individual IRAs is the lesser of the individual's taxable compensation for the year (this does not include rollovers), or the following amounts:

Year	Contribution Limit	If Age 50 Or Older
2024	\$7,000	\$8,000
2023	\$6,500	\$7,500
2020 - 2022	\$6,000	\$7,000

A taxpayer's Roth IRA contributions may be limited by their modified adjusted gross income (MAGI). Refer to Pub 590-A, Contributions to Individual Retirement Arrangements (IRAs), for more information. Refer to Pub 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad, for information about foreign exclusions or

deductions.

IRM 21.6.5.4.6.3(1) Added Roth IRA is phase out limits for 2024. Removed 2019 amounts. Changes due to annual cap updates.

(1) The maximum yearly contribution that a taxpayer can make to a Roth IRA is phased out based on modified adjusted gross income (MAGI) and filing status as follows:

Year	Married Filing Joint or Qualifying Widow(er)	Married Filing Separately	Single, Head of Household, or All Others
2024	More than \$230,000 but less than \$240,000	\$10,000 or more	More than \$146,000 but less than \$161,000
2023	More than \$218,000 but less than \$228,000	\$10,000 or more	More than \$138,000 but less than \$153,000
2022	More than \$204,000 but less than \$214,000	\$10,000 or more	More than \$129,000 but less than \$144,000
2021	More than \$198,000 but less than \$208,000	\$10,000 or more	More than \$125,000 but less than \$140,000
2020	More than \$196,000 but less than \$206,000	\$10,000 or more	More than \$124,000 but less than \$139,000

Note: Once the maximum phase out amounts shown in the table are reached, the taxpayer will not be allowed to make a contribution to a Roth IRA.

Refer to Pub 590-A, Contributions to Individual Retirement Arrangements (IRAs), for more information.

IRM 21.6.5.4.7.2(1) Added Qualified Tuition Programs (QTP) as gift tax limitations for 2024. Changes due to annual cap updates.

(1) Certain colleges and universities may sponsor prepaid tuition programs under Section 529. States may sponsor both prepaid and savings programs. Refer to Pub 970, Tax Benefits for Education, for more information.

Note: Federal gift tax regulations consider contributions to Qualified Tuition Programs (QTP) as gifts. Gift tax is owed (subject to the donor's lifetime applicable credit) on any contributions for the same child more than:

Tax Year	Per Donor	Per Donor Five-Year Period	Per Married Couple	Per Married Couple Five-Year Period
2024	\$18,000	\$90,000	\$36,000	\$180,000
2023	\$17,000	\$85,000	\$34,000	\$170,000
2022	\$16,000	\$80,000	\$32,000	\$160,000
2019-2021	\$15,000	\$75,000	\$30,000	\$150,000

The five-year period is known as the five-year carry-forward option. Once a donor or a married couple contributes the five-year limit amount and elects the five-year carry-forward option on Form 709, United States Gift (and Generation - Skipping Transfer) Tax Return, they are not able to make another contribution (gift) for that child (without reporting gift tax) for five years.

IRM 21.6.5.4.9.1(3) Added annual deductibles and maximum out-of-pocket expenses for 2024. Removed 2019 deductibles. Changes made due to annual cap updates.

(3) The table below lists the annual deductibles and maximum out-of-pocket expenses, including deductibles, co-payments, and other amounts and not including premiums.

Tax Year	Annual Deductible for Self-only Coverage	Out-of-pocket Expenses for Self-only Coverage	Annual Deductible for Family Coverage	Out-of-pocket Expenses for Family Coverage
2024	\$1,600	\$8,050	\$3,200	\$16,100
2023	\$1,500	\$7,500	\$3,000	\$15,000
2022	\$1,400	\$7,050	\$2,800	\$14,100
2021	\$1,400	\$7,000	\$2,800	\$14,000
2020	\$1,400	\$6,900	\$2,800	\$13,800

IRM 21.6.5.4.9.2(4) Added maximum annual contributions for 2024. Removed 2019 amounts. Changes due to annual cap updates.

(4) The maximum annual contributions for individuals (and their spouses covered under the high deductible health plan [HDHP]) age 55 and older at the end of the tax year, are as follows:

Tax Year	Annual Contribution for Self-only Coverage	Catch-up Contribution for Self-only Coverage	Annual Contribution for Family Coverage	Catch-up Contribution for Family Coverage
2024	\$4,150	\$1,000	\$8,300	\$1,000
2023	\$3,850	\$1,000	\$7,750	\$1,000
2022	\$3,650	\$1,000	\$7,300	\$1,000
2021	\$3,600	\$1,000	\$7,200	\$1,000
2020	\$3,550	\$1,000	\$7,100	\$1,000