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HUMAN RESOURCES & PAYROLL

401(k) Max Contribution Limit Increased to \$20,500 Starting in 2022

For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to \$68,000 to \$78,000, up from \$66,000 to \$76,000.

Isaac M. O'Bannon • Nov. 04, 2021



Starting in 2022, the maximum contribution that individual U.S. taxpayers can contribute to their 401(k) plans will increase to \$20,500, up from \$19,500 for 2021 and 2020. The IRS has also issued technical guidance regarding all of the cost of

living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2022 in [Notice 2021-61](#), posted today on IRS.gov.

Highlights of changes for 2022

The contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased to \$20,500, up from \$19,500.

The income ranges for determining eligibility to make deductible contributions to traditional Individual Retirement Arrangements (IRAs), to contribute to Roth IRAs, and to claim the Saver's Credit all increased for 2022.

Taxpayers can deduct contributions to a traditional IRA if they meet certain conditions. If during the year either the taxpayer or the taxpayer's spouse was covered by a retirement plan at work, the deduction may be reduced, or phased out, until it is eliminated, depending on filing status and income. (If neither the taxpayer nor the spouse is covered by a retirement plan at work, the phase-outs of the deduction do not apply.) Here are the phase-out ranges for 2022:

- For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to \$68,000 to \$78,000, up from \$66,000 to \$76,000.
- For married couples filing jointly, if the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is increased to \$109,000 to \$129,000, up from \$105,000 to \$125,000.
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the phase-out range is increased to \$204,000 to \$214,000, up from \$198,000 to \$208,000.
- 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.

The income phase-out range for taxpayers making contributions to a Roth IRA is increased to \$129,000 to \$144,000 for singles and heads of household, up from \$125,000 to \$140,000. For married couples filing jointly, the income phase-out range is increased to \$204,000 to \$214,000, up from \$198,000 to \$208,000. The 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 income limit for the Saver's Credit (also known as the Retirement Savings Contributions Credit) for low- and moderate-income workers is \$68,000 for married couples filing jointly, up from \$66,000; \$51,000 for heads of household, up from \$49,500; and \$34,000 for singles and married individuals filing separately, up from \$33,000.

The amount individuals can contribute to their SIMPLE retirement accounts is increased to \$14,000, up from \$13,500.

Key employee contribution limits that remain unchanged

The limit on annual contributions to an IRA remains unchanged at \$6,000. The IRA 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 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 \$6,500. Therefore, participants in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan who are 50 and older can contribute up to \$27,000, starting in 2022. The catch-up contribution limit for employees aged 50 and over who participate in SIMPLE plans remains unchanged at \$3,000.

Details on these and other retirement-related cost-of-living adjustments for 2022 are in [Notice 2021-61](#), available on IRS.gov.

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