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## ENTRIES

Here's what workers should keep in mind about the most recent adjustments from the IRS.

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*By James Royal, Bankrate.com (TNS)*

The IRS has some good news for workers who use traditional or Roth IRAs to save for retirement. In 2023, you'll be able to contribute an additional \$500 to either account. It's the first increase since 2019, bringing the total annual contribution limit to \$6,500. Those age 50 and older can contribute an additional \$1,000.

The IRS also increased the income ranges on IRAs, allowing you to earn more money

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Workers looking to take maximum advantage of their retirement accounts will be excited that the IRS increased the annual contribution limits on IRAs by \$500, bringing the total to \$6,500. Those aged 50 and older can contribute an additional \$1,000 as a catch-up contribution, the same amount as 2022.

Maximum contributions to employer-sponsored plans got an even bigger boost to \$22,500 for 2023, including popular 401(k) and 403(b) plans. Those over age 50 can make catch-up contributions of \$7,500.

The contribution limit on a SIMPLE IRA, another workplace plan, also increased to \$15,500 from \$14,000 in 2022.

## Higher income limits for IRAs

The good news for savers is that the income limits are climbing—albeit modestly—for IRAs. For 2023, the limits on modified adjusted gross income (MAGI) to be eligible for a Roth IRA are as follows:

For an individual, head of household, the maximum income for a full contribution is \$138,000, and contributions phase out at \$153,000.

For married couples filing jointly, the maximum income for a full contribution is \$218,000, and contributions phase out at \$228,000.

In 2022, the Roth IRA limits were \$129,000 to \$144,000 for individuals and heads of household, and \$204,000 to \$214,000 for married couples filing jointly.

However, if you still want to take advantage of the account, you may be able to use a backdoor Roth IRA, but you'll want to be careful about the tax consequences.

For traditional IRAs, the limits on MAGI for deducting contributions to an IRA have also increased in 2023. Note that these limits apply only if you and your spouse are

covered by a workplace retirement plan.

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Income limits are only one difference between the traditional IRA and the Roth IRA. Here are other key differences and which account is better for investors.

## Bottom line

High inflation has increased the cost of living, so the IRS allows you to save more toward retirement because you'll need more put away to maintain your standard of living. If you can, try to max out your employer-sponsored plans and your IRA. You might also consider a health savings account, which can be invested and comes with several tax advantages.

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