

Contribution Guide

IRA OR Roth Contribution Limits

	2023	2024
<50	\$6,500	\$7,000
50+	\$7,500	\$8,000

Limited to 'earned income' of owner and/or spouse
See IRS Pub 590A

Important DC/DB Numbers

	2023	2024
Comp Limit	\$330,000	\$345,000
HCE (prior year)	\$135,000	\$150,000
DB Benefit Limit	\$265,000	\$275,000

Roth Contribution Limits by MAGI 2024

Single Filers (MAGI)	Married Filing Jointly (MAGI)	Married Filing Separately (MAGI)	Maximum Contribution for individuals under age 50	Maximum Contribution for individuals age 50 and older
under \$146,000	under \$230,000	\$0	\$7,000	\$8,000
\$147,500	\$231,000	\$0	\$6,300	\$7,200
\$149,000	\$232,000	\$0	\$5,600	\$6,400
\$150,500	\$233,000	\$0	\$4,900	\$5,600
\$152,500	\$234,000	\$0	\$4,200	\$4,800
\$153,500	\$235,000	\$0	\$3,500	\$4,000
\$155,000	\$236,000	\$0	\$2,800	\$3,200
\$156,500	\$237,000	\$0	\$2,100	\$2,400
\$158,000	\$238,000	\$0	\$1,400	\$1,600
\$159,500	\$239,000	\$0	\$700	\$800
\$161,000 & over	\$240,000 & over	\$10,000 & over	\$0	\$0

No income limit on Roth 401k contributions

IRA Deduction Limits (see 8606 Masterclass)

	Single Not Covered	Single Active	IRA Owner Active MFJ	IRA owner Active MFS	IRA owner NOT active, but spouse is
2023	No limit	\$73k to \$83k	\$116k to \$136k	\$0 to \$10k	\$218k to \$228k
2024	No limit	\$77k to \$87k	\$123k to \$143k	\$0 to \$10k	\$230k to \$240k

Exceptions to 10% early distribution tax

(add IRS table with modifications; see tab; maybe back side)

401k, 403b, 457, TSP Contribution Limits

Employee	2023	2024
<50	\$22,500	\$23,000
50+	\$29,000	\$30,500
All Sources		
<50	\$66,000	\$69,000
50+	\$73,500	\$76,000

See IRS Pub 560

Health Savings Accounts (HSA)

Contribution	2023	2024
Single <55	\$3,850	\$4,150
Single 55+	\$4,850	\$5,150
Family <55	\$7,750	\$8,300
Family 55+	\$8,750	\$9,300
Family MFJ 55+	\$9,750	\$10,300

Non-eligible distribution penalty 20%
Eligibility determined/pro-rated by month
Not allowed once on Medicare

Flexible Savings Accounts (FSA)

	2023	2024
Single	\$3,050	\$3,200
Married (Covered)	\$6,100	\$6,400
Carry Over	\$610	\$640

FSA contributions are an election for the year that are made available at the beginning of the year and do not have to be repaid if the taxpayer leaves the employer

Health Reimbursement Accounts (HRA)

	2023	2024
Individual	\$5,840	\$6,150
Household	\$11,800	\$12,450

Max 50 FTE and no company health plan
IRS Pub 969

529 Plans

Subject to annual gifting limits
5-year front loading available
Potential STATE tax deduction
IRS Pub 529

SMALL BIZ PLAN COMPARISON

	NQ Brokerage Accounts	IRA/ROTH	SEP IRA	SIMPLE IRA	SIMPLE 401k	SOLO 401k	401k	Defined Benefit
Summary	No tax benefits, but virtually no rules	No employer contribution/benefit	Relatively easy to implement, ONLY employer contributions	Relatively easy to implement, required employer contributions	<100 employees, similar to SIMPLE IRA	"Army of One" company (plus spouse)	Traditional' company retirement plan; Most options; Most hassle	Mega-Contributions; Mega potential liability
Company Eligibility	N/A - Individual Account	N/A - Individual Account	Effectively All	<100 employees (2-year grace)	<100 employees (2-year grace)	Owner + Spouse only employees	Effectively All	Effectively All - Typically Solo
Allows multiple plans	Yes	Yes - Aggregate Limits	Yes	No	No	Yes	Yes	Yes
Employee Deferral Limit <50	No-limit	\$7,000	NONE	\$16,000	\$16,000	\$23,000	\$23,000	~No Limit
Employee Deferral Limit 50+	No-limit	\$8,000	NONE	\$19,500	\$19,500	\$30,500	\$30,500	~No Limit
Mandatory Employer Cont	NONE	NONE	All employees the same	3% Match	3% Match OR 2% non-elective	NONE	NONE or Safe-Harbor	~3-year requirement
Optional Employer Cont	Unlimited	NONE	Up to 25% or \$69k	None	None	Up to ~25%	No % limits	N/A
Eligible Employee	ALL	ALL	21+; 3 of 5 years; \$750+ income	\$5k+ last two years and this year	21+; one year service	N/A	21+; One or Two years service	It's complicated
Annual Reporting	1099 from Custodian	5498 from Custodian	NONE	NONE	5500	5500-EZ if \$250k+	5500	5500
Testing	NONE	NONE	NONE	NONE	NONE	NONE	Top Heavy	Schedule SB
Needs TPA/Administrator	No	No	No	No	No	No	Yes	Yes & Actuary
Loan Options	Margin/Collateral	None	None	None	Yes	Yes	Yes	No
Penalties*	None	Early Distributions/ Excess Contributions	Early Distributions/ Excess Contributions	<2-years = 25% Early Distributions/ Excess Contributions	Early Distributions/ Excess Contributions	Early Distributions/ Excess Contributions	Early Distributions/ Excess Contributions	Substantial if not funded
Additional Considerations	Not a company plan and all 'contributions' are taxable compensation	Not a company plan and all 'contributions' are taxable compensation	Same funding % for all eligible employees, with NO employee deferral option	Mandatory contributions, simple 401k often a better option	Relatively new 'lite' 401k option with limitations on employer funds	Awesome if the owner (and spouse) is the only employee	Consider every other option before this one due to cost and hassle factor	Ability to contribute 6-figures annually with substantial complexities

*This is a very simple, high level reference of potential penalties, consult the various publications noted on the first page.

Loans from 401k plans (including SIMPLE 401k) - Max terms allowed by IRS; Employer can be more restrictive

Max loan lessor of \$50,000 or 50% of account balance
 Balance less than \$10,000 can be 100% loaned
 5-year amortization/payback
 Payments at least quarterly
 Loan due in full upon termination

Loans can be rolled over (few plans allow this)
 Loan payments can be suspended for employees on Active Duty
 If salary drops below loan payment amount, loan can be suspended for up to one year
 Multiple loans are allowed, but total borrowing can not exceed ordinary loan limits in rolling 12-month period
 Loan defaults are taxed as a 'deemed' distribution