
2017 Retirement Account Limits

How much can you contribute this year?

Provided by Chris Eller

In 2017, you have another chance to max out your retirement accounts. Here is a rundown of yearly contribution limits for the popular retirement savings vehicles.

IRAs. The 2017 limits are the same as in 2016: \$5,500 for IRA owners who will be 49 and younger this year, \$6,500 for IRA owners who will be 50 or older this year. These limits apply to both Roth and traditional IRAs.¹

What if you own multiple IRAs? This \$5,500/\$6,500 limit applies to your total IRA contributions for a calendar year. So, for example, should you happen to have five IRAs, you could make an equal contribution of \$1,100 (or \$1,300) to each of them in 2017, or unequal contributions to them not exceeding the applicable \$5,500/\$6,500 limit.¹

Keep in mind that you can fund your 2016 IRA(s) until April 18, 2017 (the 2017 federal income tax deadline). It is best to fund your IRA for a particular year right as that year starts, but if you procrastinated for any reason in 2016, you still have time.²

High earners may find their ability to make a full Roth IRA contribution restricted. This applies to a single filer or head of household whose modified adjusted gross income (MAGI) falls within the \$118,000-133,000 range, and to married couples with a MAGI of \$186,000-196,000. If your MAGI exceeds the high ends of those phase-out ranges, you may not make a 2017 Roth IRA contribution. (For tax year 2016, the respective phase-out ranges are \$117,000-132,000 and \$184,000-194,000.)³

401(k)s, 403(b)s, & 457s. Each of these workplace retirement plans have 2017 contribution limits of \$18,000, \$24,000 if you will be 50 or older this year. If you are a participant in a 457 plan and within three years of what your employer deems “normal” retirement age, you can contribute up to \$36,000 annually to your plan during the last three years preceding that “normal” retirement date.^{3,4}

SIMPLE IRAs & SEP-IRAs. In 2017, the contribution limit for a SIMPLE IRA is \$12,500; those who will be 50 or older this year may contribute up to \$15,500. Federal law requires business owners to match these annual contributions to at least some degree; self-employed individuals can make both employee and employer contributions to a SIMPLE IRA.⁵

Business owners and the self-employed can contribute to SEP-IRAs, which accept contributions of pre-tax dollars. As a consequence of contributing pre-tax dollars, you reduce your taxable income. The annual contribution limit on a SEP-IRA is very high – in 2017, it is either \$54,000 or 25% of your income, whichever is lower.⁵

Chris may be reached at 815-539-3437 or chris.eller@investmentcenters.com | www.chris-eller.com

Citations.

1 - fool.com/retirement/2017/01/17/roth-vs-traditional-ira-which-is-better.aspx [1/17/17]

2 - money.usnews.com/money/retirement/iras/articles/2016-12-19/how-saving-in-an-ira-can-reduce-your-2016-tax-bill [12/19/16]

3 - forbes.com/sites/ashleaebeling/2016/10/27/irs-announces-2017-retirement-plans-contributions-limits-for-401ks-and-more/ [10/27/16]

4 - fool.com/retirement/2016/12/19/457-plan-contribution-limits-in-2017.aspx [12/19/16]

5 - money.cnn.com/2017/01/13/retirement/ira-myths/ [1/13/17]

This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Investment Centers of America, Inc. (ICA) member FINRA, SIPC and a Registered Investment Advisor is not affiliated with First State Bank or Chris Eller First State Investment Services. Securities, advisory services and insurance products offered through ICA and affiliated agencies are ***not insured by the FDIC or any other Federal Government agency *not a deposit or other obligation of, or guaranteed by any bank or their affiliates *subject to risks including the possible loss of principal amount invested.** ICA does not provide tax or legal advice.