



# 2023 CONTRIBUTION LIMITS AND STANDARD DEDUCTION ANNOUNCED

## SUMMARY

Given historic inflation, the IRS has updated the annual contribution limits for every type of retirement account and increased the standard deduction.

## INFLATION IMPACTS

In response to the continued rise in inflation, the IRS has adjusted the annual dollar limits an individual can contribute to his or her retirement accounts for 2023.

Account Type	2022 Contribution Limit	2023 Contribution Limit	Total Increase
401(k), 403(b), most 457 plans, TSP	\$20,500	\$22,500	\$2,000
401(k), 403(b), most 457 plans, TSP Catch-up	\$6,500	\$7,500	\$1,000
Traditional IRA, Roth IRA	\$6,000	\$6,500	\$500
Traditional IRA, Roth IRA Catch-up	\$1,000	\$1,000	\$0
SEP IRA	\$61,000 (or 25% of compensation)	\$66,000 (or 25% of compensation)	\$5,000
SIMPLE IRA & SIMPLE 401(k)	\$14,000	\$15,500	\$1,500
SIMPLE IRA & 401(k) Catch-up	\$3,000	\$3,500	\$500
415(b) defined benefit plan max annuity	\$245,000 (annual benefit)	\$265,000 (annual benefit)	\$20,000
415(c) defined contribution plan max addition	\$61,000	\$66,000	\$3,000
Health Savings Account (HSA)	\$3,650 individual, \$7,300 family	\$3,850 individual, \$7,700 family	\$200, \$400
Flexible Savings Account (FSA)	\$2,850	\$3,050	\$200

The deductibility phaseout range for IRA contributions will increase to \$73,000-\$83,000 for individuals and \$116,000-\$136,000 for those married filing jointly. Meanwhile, the Roth IRA income phaseout range will increase to \$138,000-\$153,000 for individuals and \$218,000-\$228,000 for those married filing jointly.

As a reminder, in most cases, 2022 employee contributions to employer plans such as 401(k)s and 403(b)s must be made by December 31, 2022. You can continue to make 2022 contributions to traditional and Roth IRAs until Tax Day, April 17, 2023, and to SEP IRAs until you file your taxes (including any extensions).

## TAX DEDUCTIONS

Contribution limits aren't the only thing rising in 2023. The standard deduction for individual filers has increased \$900 from \$12,950 to \$13,850. For those who are married filing jointly, the deduction will increase from \$25,900 to \$27,700.

If you have questions about your contributions, please don't hesitate to reach out.

Best,

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