




401(k) limit increases to \$23,000 for 2024, IRA limit rises to \$7,000

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WASHINGTON — The Internal Revenue Service announced today that the amount individuals can contribute to their 401(k) plans in 2024 has increased to \$23,000, up from \$22,500 for 2023.

The IRS today 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 2024 in [Notice 2023-75](#) .

Highlights of changes for 2024

The contribution limit for employees who participate in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan is increased to \$23,000, up from \$22,500.

The limit on annual contributions to an IRA increased to \$7,000, up from \$6,500. The IRA catch-up contribution limit for individuals aged 50 and over was amended under the SECURE 2.0 Act of 2022 (SECURE 2.0) to include an annual cost-of-living adjustment but remains \$1,000 for 2024.

The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan remains \$7,500 for 2024. Therefore, participants in 401(k), 403(b), and most 457 plans, as well as the federal government's Thrift Savings Plan who are 50 and older can contribute up to \$30,500, starting in 2024. The catch-up contribution limit for employees 50 and over who participate in SIMPLE plans remains \$3,500 for 2024.

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 2024.

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 2024:

- For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to between \$77,000 and \$87,000, up from between \$73,000 and \$83,000.
- 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 between \$123,000 and \$143,000, up from between \$116,000 and \$136,000.
- 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 between \$230,000 and \$240,000, up from between \$218,000 and \$228,000.
- 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 between \$0 and \$10,000.


The income phase-out range for taxpayers making contributions to a Roth IRA is increased to between \$146,000 and \$161,000 for singles and heads of household, up from between \$138,000 and \$153,000. For married couples filing jointly, the income phase-out range is increased to between \$230,000 and \$240,000, up from between \$218,000 and \$228,000. 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 between \$0 and \$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 \$76,500 for married couples filing jointly, up from \$73,000; \$57,375 for heads of household, up from \$54,750; and \$38,250 for singles and married individuals filing separately, up from \$36,500.

The amount individuals can contribute to their SIMPLE retirement accounts is increased to \$16,000, up from \$15,500.

Additional changes made under SECURE 2.0 are as follows:

- The limitation on premiums paid with respect to a qualifying longevity annuity contract to \$200,000. For 2024, this limitation remains \$200,000.
- Added an adjustment to the deductible limit on charitable distributions. For 2024, this limitation is increased to \$105,000, up from \$100,000.
- Added a deductible limit for a one-time election to treat a distribution from an individual retirement account made directly by the trustee to a split-interest entity. For 2024, this limitation is increased to \$53,000, up from \$50,000.

Details on these and other retirement-related cost-of-living adjustments for 2024 are in [Notice 2023-75](#) , available on IRS.gov.

2024 Limitations Adjusted as Provided in Section 415(d), etc.

Notice 2023-75

Section 415 of the Internal Revenue Code (“Code”) provides for dollar limitations on benefits and contributions under qualified retirement plans. Section 415(d) requires that the Secretary of the Treasury annually adjust these limits for cost-of-living increases. Other limitations applicable to deferred compensation plans are also affected by these adjustments under section 415. Under section 415(d), the adjustments are to be made under adjustment procedures similar to those used to adjust benefit amounts under section 215(i)(2)(A) of the Social Security Act.

Cost-of-Living Adjusted Limits for 2024

Effective January 1, 2024, the limitation on the annual benefit under a defined benefit plan under section 415(b)(1)(A) of the Code is increased from \$265,000 to \$275,000.

For a participant who separated from service before January 1, 2024, the participant’s limitation under a defined benefit plan under section 415(b)(1)(B) is computed by multiplying the participant’s compensation limitation, as adjusted through 2023, by 1.0351.

The limitation for defined contribution plans under section 415(c)(1)(A) is increased in 2024 from \$66,000 to \$69,000.

The Code provides that various other dollar amounts are to be adjusted at the same time and in the same manner as the dollar limitation of section 415(b)(1)(A). After taking into account the applicable rounding rules, the amounts for 2024 are as follows:

The limitation under section 402(g)(1) on the exclusion for elective deferrals described in section 402(g)(3) is increased from \$22,500 to \$23,000.

The annual compensation limit under sections 401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii) is increased from \$330,000 to \$345,000.

The dollar limitation under section 416(i)(1)(A)(i) concerning the definition of “key employee” in a top-heavy plan is increased from \$215,000 to \$220,000.

The dollar amount under section 409(o)(1)(C)(ii) for determining the maximum account balance in an employee stock ownership plan subject to a 5-year distribution period is increased from \$1,330,000 to \$1,380,000, while the dollar amount used to determine the lengthening of the 5-year distribution period is increased from \$265,000 to \$275,000.

The limitation used in the definition of “highly compensated employee” under section 414(q)(1)(B) is increased from \$150,000 to \$155,000.

The dollar limitation under section 414(v)(2)(B)(i) for catch-up contributions to an applicable employer plan other than a plan described in section 401(k)(11) or section 408(p) for individuals aged 50 or over remains \$7,500. The dollar limitation under section 414(v)(2)(B)(ii) for catch-up contributions to an applicable employer plan described in section 401(k)(11) or section 408(p) for individuals aged 50 or over remains \$3,500.

The annual compensation limitation under section 401(a)(17) for eligible participants in certain governmental plans that, under the plan as in effect on July 1, 1993, allowed cost-of-living adjustments to the compensation limitation under the plan under section 401(a)(17) to be taken into account, is increased from \$490,000 to \$505,000.

The compensation amount under section 408(k)(2)(C) regarding simplified employee pensions remains \$750.

The limitation under section 408(p)(2)(E) regarding SIMPLE retirement accounts is increased from \$15,500 to \$16,000.

The limitation on the aggregate amount of length of service awards accruing with respect to any year of service for any bona fide volunteer under section 457(e)(11)(B)(ii) concerning deferred compensation plans of state and local governments and tax-exempt organizations is increased from \$7,000 to \$7,500.

The limitation on deferrals under section 457(e)(15) concerning deferred compensation plans of state and local governments and tax-exempt organizations is increased from \$22,500 to \$23,000.

The limitation under section 664(g)(7) concerning the qualified gratuitous transfer of qualified employer securities to an employee stock ownership plan remains \$60,000.

The compensation amount under § 1.61-21(f)(5)(i) of the Income Tax Regulations concerning the definition of “control employee” for fringe benefit valuation purposes is increased from \$130,000 to \$135,000. The compensation amount under § 1.61-21(f)(5)(iii) is increased from \$265,000 to \$275,000.

The dollar limitation on premiums paid for a qualifying longevity annuity contract under § 1.401(a)(9)-6, A-17(b)(2)(i), which was increased to \$200,000 pursuant to section 202 of the SECURE 2.0 Act of 2022 (“SECURE 2.0 Act”¹) with respect

¹ Division T of the Consolidated Appropriations Act, 2023, Pub. L. 117-328, 136 Stat. 4459 (2022).

to contracts purchased or received in an exchange on or after December 29, 2022 remains \$200,000.

The Code provides that the \$1,000,000,000 threshold used to determine whether a multiemployer plan is a systemically important plan under section 432(e)(9)(H)(v)(III)(aa) of the Code is adjusted using the cost-of-living adjustment provided under section 432(e)(9)(H)(v)(III)(bb). After taking the applicable rounding rule into account, the threshold used to determine whether a multiemployer plan is a systemically important plan under section 432(e)(9)(H)(v)(III)(aa) is increased from \$1,256,000,000 to \$1,369,000,000.

The Code also provides that several retirement-related amounts are to be adjusted using the cost-of-living adjustment under section 1(f)(3). After taking the applicable rounding rules into account, the amounts for 2024 are as follows:

The adjusted gross income limitation under section 25B(b)(1)(A) for determining the retirement savings contributions credit for married taxpayers filing a joint return is increased from \$43,500 to \$46,000; the limitation under section 25B(b)(1)(B) is increased from \$47,500 to \$50,000; and the limitation under sections 25B(b)(1)(C) and 25B(b)(1)(D) is increased from \$73,000 to \$76,500.

The adjusted gross income limitation under section 25B(b)(1)(A) for determining the retirement savings contributions credit for taxpayers filing as head of household is increased from \$32,625 to \$34,500; the limitation under section 25B(b)(1)(B) is increased from \$35,625 to \$37,500; and the limitation under sections 25B(b)(1)(C) and 25B(b)(1)(D) is increased from \$54,750 to \$57,375.

The adjusted gross income limitation under section 25B(b)(1)(A) for determining the retirement savings contributions credit for all other taxpayers is increased from \$21,750 to \$23,000; the limitation under section 25B(b)(1)(B) is increased from \$23,750 to \$25,000; and the limitation under sections 25B(b)(1)(C) and 25B(b)(1)(D) is increased from \$36,500 to \$38,250.

The deductible amount under section 219(b)(5)(A), which limits the amount of an individual's deductible qualified retirement contributions for a taxable year, is increased from \$6,500 to \$7,000. The increase in the deductible amount pursuant to section 219(b)(5)(B)(ii) for individuals who have attained age 50 before the close of the taxable year remains \$1,000.

The applicable dollar amount under section 219(g)(3)(B)(i) for determining the deductible amount of an IRA contribution for taxpayers who are active participants filing a joint return or as a qualifying widow(er) is increased from \$116,000 to \$123,000. The applicable dollar amount under section 219(g)(3)(B)(ii) for all other taxpayers who are active participants (other than married taxpayers filing separate returns) is increased from \$73,000 to

\$77,000. If an individual or the individual's spouse is an active participant, the applicable dollar amount under section 219(g)(3)(B)(iii) for a married individual filing a separate return is not subject to an annual cost-of-living adjustment and remains \$0. The applicable dollar amount under section 219(g)(7)(A) for a taxpayer who is not an active participant but whose spouse is an active participant is increased from \$218,000 to \$230,000.

Accordingly, under section 219(g)(2)(A), the deduction for taxpayers making contributions to a traditional IRA is phased out for single individuals and heads of household who are active participants in a qualified plan (or another retirement plan specified in section 219(g)(5)) and have adjusted gross incomes (as defined in section 219(g)(3)(A)) between \$77,000 and \$87,000, increased from between \$73,000 and \$83,000. For married couples filing jointly, if the spouse who makes the IRA contribution is an active participant, the income phase-out range is between \$123,000 and \$143,000, increased from between \$116,000 and \$136,000. For an IRA contributor who is not an active participant and is married to someone who is an active participant, the deduction is phased out if the couple's income is between \$230,000 and \$240,000, increased from between \$218,000 and \$228,000. For a married individual filing a separate return who is an active participant, the phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

The adjusted gross income limitation under section 408A(c)(3)(B)(ii)(I) for determining the maximum Roth IRA contribution for married taxpayers filing a joint return or for taxpayers filing as a qualifying widow(er) is increased from \$218,000 to \$230,000. The adjusted gross income limitation under section 408A(c)(3)(B)(ii)(II) for all other taxpayers (other than married taxpayers filing separate returns) is increased from \$138,000 to \$146,000. The applicable dollar amount under section 408A(c)(3)(B)(ii)(III) for a married individual filing a separate return is not subject to an annual cost-of-living adjustment and remains \$0.

Accordingly, under section 408A(c)(3)(A), the adjusted gross income phase-out range for taxpayers making contributions to a Roth IRA is between \$230,000 and \$240,000 for married couples filing jointly, increased from between \$218,000 and \$228,000. For singles and heads of household, the income phase-out range is between \$146,000 and \$161,000, increased from between \$138,000 and \$153,000. For a married individual filing a separate return, the phase-out range is not subject to an annual cost-of-living adjustment and remains between \$0 and \$10,000.

The aggregate amount of qualified charitable distributions that are not includible in gross income under section 408(d)(8)(A) is increased from \$100,000 to \$105,000. The amount of qualified charitable distributions made directly to a split-interest entity that are not includible in gross income under section 408(d)(8)(F) pursuant to a one-time election is increased from \$50,000 to \$53,000.

Drafting Information

The principal author of this notice is Tom Morgan of the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). However, other personnel from the IRS participated in the development of this guidance. For further information regarding this notice, contact Mr. Morgan at (202) 317-6700 (not a toll-free call).