

2017 Retirement Account Limits



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How much can you contribute this year?

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

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]

Essential Financial Figures

Key Information and Financial Data for 2017

Estimated Income Tax Brackets and Rates

| Rate | Single | Married Joint | Head of Household |
|--------|-----------------------|-----------------------|-----------------------|
| 10% | \$0 - \$9,325 | \$0 - \$18,650 | \$0 - \$13,350 |
| 15% | \$9,325 - \$37,950 | \$18,650 - \$75,900 | \$13,350 - \$50,800 |
| 25% | \$37,950 - \$91,900 | \$75,900 - \$153,100 | \$50,800 - \$131,200 |
| 28% | \$91,900 - \$191,650 | \$153,100 - \$233,350 | \$131,200 - \$212,500 |
| 33% | \$191,650 - \$416,700 | \$233,350 - \$416,700 | \$212,500 - \$416,700 |
| 35% | \$416,700 - \$418,400 | \$416,700 - \$470,700 | \$416,700 - \$444,500 |
| 39.60% | \$418,400+ | \$470,700+ | \$444,500+ |

Essential Financial Figures

Key Information and Financial Data for 2017

Standard Deductions, Personal Exemptions

| Filing Status | Standard Deduction | Personal Exemption | P.E. Phase-Out Begin | P.E. Phase-Out Complete |
|---------------------------|--------------------|--------------------|----------------------|-------------------------|
| Single | \$6,350 | \$4,050 | \$261,500 | \$384,000 |
| Head of Household | \$9,350 | \$4,050 | \$287,650 | \$410,150 |
| Married Filing Jointly | \$12,700 | \$4,050 | \$313,800 | \$436,300 |
| Married Filing Separately | \$6,350 | \$4,050 | \$156,900 | \$218,150 |
| Qualifying Widow(er)s | \$12,700 | \$4,050 | \$313,800 | \$436,300 |

ADDITIONAL DEDUCTIONS: Add \$1250 if blind or over 65 years of age, or \$1550 if blind or over 65 AND not a surviving spouse, or unmarried.

Qualified Dividends and Long-Term Capital Gains

| Taxable Income | Rate |
|-----------------------|------|
| 10% Tax Bracket | n/a |
| 15% Tax Bracket | n/a |
| 25% Tax Bracket | 15% |
| 28% - 35% Tax Bracket | 15% |
| 39.6% Tax Bracket | 20% |

3.8% Net Investment Income Tax (NIIT)

| Filing Status | Threshold Amount |
|---------------------------|------------------|
| Single | \$200,000 |
| Head of Household* | \$200,000 |
| Married Filing Jointly | \$250,000 |
| Married Filing Separately | \$125,000 |
| Qualifying Widow(er)** | \$250,000 |

* With Qualifying Person

** With Dependent Child

Social Security Taxable Benefits

| Filing Status | Provisional Income* | S.S. Amount Subject to Tax |
|---|---------------------|----------------------------|
| Single, HOH, Qualifying Widow(er)** | \$0 - \$25,000 | \$0 |
| | \$25,000 - \$34,000 | Up to 50% |
| | \$34,000 + | Up to 85% |
| Married Filing Jointly | \$0 - \$32,000 | \$0 |
| | \$32,000 - \$44,000 | Up to 50% |
| | \$44,000 + | Up to 85% |
| Married Filing Separately (living together) | \$0 + | Up to 85% |

* Provisional income is derived by adding the individual's Adjusted Gross Income, tax-free interest, fifty percent of Social Security benefits, and any other tax-free benefits.

** Also married filing separately and living apart from spouse.

Estate Tax Rates

| Amount of Taxable Estate | Estate Tax Amount | Plus This % on Amount in Excess of Lower Limit |
|--------------------------|-------------------|--|
| \$0 - \$10,000 | \$0 | 18% |
| \$10,000 - \$20,000 | \$1,800 | 20% |
| \$20,000 - \$40,000 | \$3,800 | 22% |
| \$40,000 - \$60,000 | \$8,200 | 24% |
| \$60,000 - \$80,000 | \$13,000 | 26% |
| \$80,000 - \$100,000 | \$18,200 | 28% |
| \$100,000 - \$150,000 | \$23,800 | 30% |
| \$150,000 - \$250,000 | \$38,800 | 32% |
| \$250,000 - \$500,000 | \$70,800 | 34% |
| \$500,000 - \$750,000 | \$155,800 | 37% |
| \$750,000 - \$1,000,000 | \$248,300 | 39% |
| \$1,000,000 + | \$345,800 | 40% |

Estate and Gift Tax Exclusions, Exemptions

| | Amount |
|--|-------------|
| Unified Estate and Gift Tax Exclusion | \$5,490,000 |
| Generation-Skipping Transfer (GST) Tax Exemption | \$5,490,000 |
| Annual Exclusion Amount (AEA) for Gifts | \$14,000 |
| AEA for Gifts to non-U.S. Citizen Spouse | \$149,000 |

Social Security

| | |
|---|--|
| Maximum Possible Monthly Benefit (Est.) | \$2,687 |
| Full Retirement Age (Depending on Year Born) | 65-67 |
| Retirement Earnings Exempt Amounts Based on Normal Retirement Age (NRA) | \$16,920/yr under NRA \$44,880/yr NRA reached No limit after NRA |

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