

## New Retirement Contribution Limits for 2023

The Internal Revenue Service has released new limits for the coming year. After months of high inflation and financial uncertainty, some of these cost-of-living-based adjustments have reached near-record levels.

1) Individual Retirement Accounts (IRAs): IRA contribution limits are up \$500 in 2023 to \$6,500. Catch-up contributions for those over age 50 remain at \$1,000, bringing the total limit to \$7,500.

2) Roth IRAs: The income phase-out range for Roth IRA contributions increases to \$138,000-\$153,000 for single filers and heads of household, a \$9,000 increase. For married couples filing jointly, phase-out will be \$218,000 to \$228,000, a \$14,000 increase. Married individuals filing separately see their phase-out range remain at \$0-10,000.

3) Workplace Retirement Accounts: Those

with 401(k), 403(b), 457 plans, and similar accounts will see a \$2,000 increase for 2023, the limit rising to \$22,500. Those aged 50 and older will now have the ability to contribute an extra \$7,500, bringing their total limit to \$30,000.

4) SIMPLE Accounts: A \$1,500 increase in limits for 2023 gives individuals contributing



## Taking Charge of Your Financial Life

When you are putting together a household, it isn't unusual to delegate responsibilities. One spouse or partner may take on the laundry, while another takes on the shopping. You might also decide which one of you vacuums and which one of you dusts. This is a perfectly fine way to divvy up household tasks and chores.

One household task that is valuable for both partners to take part in, is your shared financial life. It's important, regardless of your level of wealth or stage of life. Counting on one spouse or partner to handle all financial decisions can create a gap for the other partner. Should the one in charge of the money separate, become severely disabled, or pass away, that may leave the other partner in a bind. A situation like that is probably difficult enough without adding additional stress.

If you are the partner who isn't steering the household finances, ask yourself why? It may be that you have preconceived notions about how difficult it might be to educate yourself to make informed decisions. Maybe you know how to do it, but you would simply rather not be bothered. It's also possible that you recognize that your spouse or partner has a particular expertise in these matters and doesn't need your help.

Regardless of the reason, it's probably a good idea that you should at least be able to hop into the driver's seat, should misfortune strike your household. In that unfortunate circumstance, you should feel confident that whatever the reason or the duration, you won't have any unnecessary concerns about managing your household's finances.

For example, what if you have insurance that covers extended care, in case of a severe injury that causes your spouse or partner to be away from work for an indefinite period? How will you be certain that the claim is made? Who will make sure the bills get paid? The job will fall to you.

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## Taking Charge of Your Financial Life

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to this incentive match plan a \$15,500 stop light.

5) Other Changes: In addition to changes in contributions limits, the IRS also announced several other changes for 2023, including an increase to the annual exclusion for gifts to \$17,000 per person and an increase to the estate tax exclusion threshold.

Keep in mind that this update is for informational purposes only, so consult with your tax professional before making any changes in anticipation of the new 2023 levels. You can also contact your trusted financial professional, and they can provide you with information about the pending changes.

The good news is that through communication, regular conversations, and a little effort, you can probably learn what you need to know in order to help yourself in these situations. Part of this, too, may be meeting and getting to know the financial professional who works for your household.

The more knowledge you have, the more confident you can become. Starting the conversation is just the first step. It may take you some time to become comfortable in taking a greater role in the decision-making, but when you do, you may feel more confident if the responsibility ever falls solely to you.



## IRA Deadlines Are Approaching

Financially, many of us associate the spring with taxes – but we should also associate December with important Individual Retirement Account (IRA) deadlines. This year, like 2022, will see a few changes and distinctions.

Remember, this article is for informational purposes only and is not a replacement for real-life advice, so make sure to consult your tax, legal, and accounting professionals for the most up-to-date information about IRA account deadlines and contribution strategies.

December 31, 2023, is the deadline to take your Required Minimum Distribution (RMD) from certain IRAs.

April 18, 2023, is the deadline for making 2022 annual contributions to a traditional IRA, Roth IRA, and certain other retirement accounts. April 15 falls on a Saturday, so the deadline has been extended.<sup>1</sup>

Some people may not realize when they can make their IRA contribution. You can make a yearly IRA contribution between January 1 of the current year and April 15 of the next year. Accordingly, you can make your IRA contribution for 2023 any time from January 1, 2023, to April 15, 2024.<sup>1</sup>

A person can open or contribute to a Traditional IRA past age 72 as long as they have taxable income.

If you are making a 2022 IRA contribution in early 2023, you must tell the investment company hosting the IRA account for which year you are contributing. If you fail to indicate the tax year that the contribution applies to, the custodian firm may make a default assumption that the contribution is for the current year (and note exactly that to the IRS).

So, write “2022 IRA contribution” or “2023 IRA contribution,” as applicable, in the memo area of your check, plainly and simply. Be sure to write your account number on the check. If you make your contribution electronically, double-check that these details are communicated.

Citations

1. [irs.gov](https://www.irs.gov), October 26, 2022



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