

TaxNewsFlash

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Notice 2024-80: Pension plans, cost-of-living adjustments for 2025

The IRS today released an advance version of [Notice 2024-80](#) providing the dollar limitations for qualified retirement plans for tax year 2025.

Changes for 2025

A related IRS release—[IR-2024-285](#) (November 1, 2024)—highlights the following changes for 2025 (any changes in amounts that applied for 2024 are shown in brackets):

- The annual contribution limit for employees who participate in 401(k), 403(b), governmental 457 plans, and the federal government's Thrift Savings Plan is increased to \$23,500 [up from \$23,000].
- The limit on annual contributions to an IRA remain at \$7,000. The individual retirement arrangement (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 2025.
- The catch-up contribution limit that generally applies for employees aged 50 and over who participate in most 401(k), 403(b), governmental 457 plans, and the federal government's Thrift Savings Plan remains \$7,500 for 2025. Therefore, participants in most 401(k), 403(b), governmental 457 plans and the federal government's Thrift Savings Plan who are 50 and older generally can contribute up to \$31,000 each year, starting in 2025. Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62, and 63 who participate in these plans. For 2025, this higher catch-up contribution limit is \$11,250 instead of \$7,500.
- The income ranges for determining eligibility to make deductible contributions to traditional IRAs, to contribute to Roth IRAs, and to claim the Saver's Credit all increased for 2025.
- 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 2025:
 - For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to between \$79,000 and \$89,000 [up from between \$77,000 and \$87,000].

- 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 \$126,000 and \$146,000 [up from between \$123,000 and \$143,000].
- 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 \$236,000 and \$246,000 [up from between \$230,000 and \$240,000].
- 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 \$150,000 and \$165,000 for singles and heads of household [up from between \$146,000 and \$161,000]. For married couples filing jointly, the income phase-out range is increased to between \$236,000 and \$246,000 [up from between \$230,000 and \$240,000]. 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 \$79,000 for married couples filing jointly [up from \$76,500]; \$59,250 for heads of household [up from \$57,375]; and \$39,500 for singles and married individuals filing separately [up from \$38,250].
- The amount individuals can generally contribute to their SIMPLE retirement accounts is increased to \$16,500 [up from \$16,000]. Pursuant to a change made in SECURE 2.0, individuals can contribute a higher amount to certain applicable SIMPLE retirement accounts. For 2025, this higher amount remains \$17,600.
- Under a change made in SECURE 2.0, a different catch-up limit applies for employees aged 50 and over who participate in certain applicable SIMPLE plans. For 2025, this limit remains \$3,850. Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in SIMPLE plans. For 2025, this higher catch-up contribution limit is \$5,250.

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