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TaxNewsFlash

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Notice 2026-66: Increased retirement plan contribution limits for 2027

The IRS today released Notice 2026-66, providing the dollar limitations for qualified retirement plans for tax year 2027.

Changes for 2027

A related IRS release—IR-2026-136 (November 12, 2026)—highlights the following changes for 2027 (any changes in amounts that applied for 2026 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 $25,500 [up from $24,500 for 2026].
- The limit on annual contributions to an individual retirement account (IRA) remains $7,500.
    - The IRA catch-up contribution limit for individuals aged 50 and over, which was amended under the SECURE 2.0 Act of 2022 to include an annual cost-of-living adjustment, remains $1,100.
    - 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 is increased to $8,500 [up from $8,000 for 2026]. Therefore, participants in these plans who are 50 and older generally can contribute up to $34,000 each year, starting in 2027.
    - Under a change made in the SECURE 2.0 Act, a higher catch-up contribution limit applies for employees aged 60, 61, 62, and 63 who participate in these plans. For 2027, this higher catch-up contribution limit is $11,750 [up from $11,250 for 2026].

- The income ranges all increased for 2027 for determining eligibility to make deductible contributions to traditional IRAs, to contribute to Roth IRAs, and to claim the Saver's Credit.

- 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. The phase-out ranges for 2027 are as follows:
    - For single taxpayers covered by a workplace retirement plan, the phase-out range is increased to between $83,000 and $93,000 [up from between $81,000 and $91,000 for 2026].

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- 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 $133,000 and $153,000 [up from between $129,000 and $149,000 for 2026].
- 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 $250,000 and $260,000 [up from between $242,000 and $252,000 for 2026].
- 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.

- Additional limitations for 2027 for Roth IRAs, the Saver's Credit, and Savings Incentive Match Plan for Employees (SIMPLE) retirement accounts include:
  - The income phase-out range for taxpayers making contributions to a Roth IRA is increased to between $158,000 and $173,000 for singles and heads of household [up from between $153,000 and $168,000 for 2026]. For married couples filing jointly, the income phase-out range is increased to between $250,000 and $260,000 [up from between $242,000 and $252,000 for 2026]. The phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA remains between $0 and $10,000.
  - The income limit for the Saver's Credit is $83,000 for married couples filing jointly [up from $80,500 for 2026]; $62,250 for heads of household [up from $60,375 for 2026]; and $41,500 for singles and married individuals filing separately [up from $40,250 for 2026]. The IRS release states that this applies to contributions made to Achieving a Better Life Experience (ABLE) accounts after December 31, 2026.
  - The amount individuals can generally contribute to their SIMPLE retirement accounts is increased to $17,500 [up from $17,000 for 2026]. Pursuant to a change made in the SECURE 2.0 Act, individuals can contribute a higher amount to certain applicable SIMPLE retirement accounts. For 2027, this higher amount is increased to $19,100 [up from $18,100 for 2026].
  - The catch-up contribution limit that generally applies for employees aged 50 and over who participate in most SIMPLE plans remains $4,000. The different catch-up limit applicable to employees aged 50 and over who participate in certain applicable SIMPLE plans remains $3,850, and the higher catch-up contribution limit for employees aged 60, 61, 62, and 63 who participate in SIMPLE plans remains $5,250.

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