

# IRS increases limits for 401(k) plans to \$20,500 for 2022, leaves individual retirement accounts unchanged

*Written by Kate Dore, CNBC.com, Friday, November 5, 2021*



Workers may funnel more money into 401(k) plans next year, according to the latest cost-of-living adjustment from the IRS.

The employee contribution limit for 401(k) plans is increasing to \$20,500 in 2022, up from \$19,500, and catch-up deposits for savers 50 and older will still be \$6,500. The new amounts also apply to 403(b), most 457 and Thrift Savings Plans.

Despite rising inflation, the boost wasn't extended to individual retirement accounts, limiting savings opportunities for the 33% of private industry workers without a workplace plan.

The IRA limit for 2022 remains unchanged at \$6,000 and hasn't increased since 2019.

However, more Americans may now qualify for Roth IRA contributions, with income phaseouts rising to \$129,000 to \$144,000 for single savers (\$204,000 to \$214,000 for couples filing together).

And there are higher income phaseouts to qualify for the retirement saver's credit or those deducting IRA contributions.

The changes come as many Americans face retirement insecurity. Although many have savings shortfalls, only 8.5% of workers maxed out company retirement plans in 2018, according to a report from the Congressional Research Service.