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# CLIENT MEMO

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## INCREASE IN RETIREMENT PLAN CONTRIBUTION LIMITS FOR 2015

By Chad Halbur

Many times retirement plans end up being a “set and forget” aspect of our planning routines, we just keep doing what we have been doing and haphazardly check our progress. While it’s great to review your investment performance, when was the last time you checked your contribution amount? Towards the end of 2014, the IRS released their contribution limits and other key data for qualified plans for 2015. The contributions allowed by employees in 401(k) plans and SIMPLE IRA plans increase by \$500 over the 2014 limits.

What does that mean for you? This year employees are allowed to contribute up to \$18,000 in their 401(k) plan or \$12,500 into their SIMPLE IRA plan. In addition to that, the “catch-up” contribution increased by \$500 as well from the prior year. That increase allows people who are 50 years of age or older in the current calendar year, to put an additional contribution of \$6,000 in their 401(k) plan or \$3,000 into their SIMPLE IRA plan. The contributions for contributory IRA accounts were unchanged. Here is a summary of the numbers and how they have changed over the past 3 years.

### 401(k) Plan

| IRS Limit   | 2015     | 2014     | 2013     |
|---|----------|----------|----------|
| Annual Deferral                                   | \$18,000 | \$17,500 | \$17,500 |
| 401(k) Catch-Up Contribution (over the age of 50) | \$6,000  | \$5,500  | \$5,500  |

### SIMPLE IRA Plan

|  |          |          |          |
|--|----------|----------|----------|
| Annual Deferral                            | \$12,500 | \$12,000 | \$12,000 |
| Catch up Contribution (over the age of 50) | \$3,000  | \$2,500  | \$2,500  |

### Contributory IRA

|  |         |         |         |
|--|---------|---------|---------|
| Annual Contribution                        | \$5,500 | \$5,500 | \$5,500 |
| Catch up Contribution (over the age of 50) | \$1,000 | \$1,000 | \$1,000 |

### Action Items:

1. If you max out your retirement plan contributions each year, please connect with your Human Resources Department to adjust your deferrals to meet the new limits.
2. If you are turning 50 (or are already 50+) understand you do have the ability to make additional “catch-up” contributions to your retirement plan. For example you can contribute \$18,000 to your 401(k) in elective deferrals + \$6,000 in catch-up for a total of \$24,000.
3. If you had not yet made a new years resolution, I encourage you to take 30 minutes to review your personal retirement plan funding “status”. Be honest with yourself, are you on track or behind on your retirement savings goal/needs? If you are not sure reach out to a trusted advisor to ask for help; if needed you can contact me at 866-200-6528.

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