

IRS Updated Savings Plan Limits for 2010

401(k) & 457(b)

The amounts you can contribute to your 401(k) and 457(b) accounts have not increased for 2010. The limits are up to \$16,500 annually for each of the plans. There is also an additional \$5,500 catch-up available for those 50 years and older. For example, if a member's employer participates in both plans and that person is over age 50, he/she may contribute \$22,000 to the 401(k) plus \$22,000 to the 457(b) for a total of \$44,000.

Roth & Traditional IRA

In addition to the 401(k) and 457(b), you may contribute up to a total of \$5,000 to all IRAs. There is also a \$1,000 catch-up for those 50 or older. Therefore, someone over age 50 could contribute a combined total of \$6,000 to any or all IRAs he/she may have.

Saver's Credit

As a "saver" you may qualify for a tax credit of up to 50% of qualified retirement savings contributions (up to a maximum \$1000 credit).

AGI - Married Filing Jointly	AGI -Head of Household	AGI - Single or Filing Separately	Credit as percent of first \$2,000
Up to \$33,500	Up to \$25,125	Up to \$16,750	50%
\$33,501 - \$36,000	\$25,126 - \$27,000	\$16,751 - \$18,000	20%
\$36,001 - \$55,500	\$27,001 - \$41,625	\$18,001 - \$27,750	10%

For example, in 2010, a married couple filing a joint return whose adjusted gross income (AGI) is \$33,500 or less, may each receive a tax credit equal to 50% of the first \$2,000 ($2,000 \times 50\% = \$1,000$ tax credit) saved in that year in a retirement account. The limit applies to each person, so the couple in the example could contribute \$4,000 and receive a \$2,000 credit. This is a non-refundable credit. The amount of the credit in any year cannot be more than the amount of tax that would otherwise be paid (not counting any refundable credits or the adoption credit) in that year.

If you have questions, please call us at 801-366-7720 or 800-688-4015.

Disclaimer – *this publication is not intended to provide tax advice. Please see a tax advisor and/or financial planner to determine how the topics in this bulletin affect your tax and retirement planning needs.*