

Three Oaks Advisory Group

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2021 Key Numbers

- [Individual Income Tax Planning](#)
- [2021 Federal Income Tax Rate Schedules \(Individuals, Trusts, and Estates\)](#)
- [2020 Federal Income Tax Rate Schedules \(Individuals, Trusts, and Estates\)](#)
- [Business Planning](#)
- [Education Planning](#)
- [Protection Planning](#)
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- [Government Benefits](#)
- [Retirement Planning](#)
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Retirement Planning

Employee/individual contribution limits

Elective deferral limits	2020	2021
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs ¹ [Includes Roth 401(k) and Roth 403(b) contributions]	Lesser of \$19,500 or 100% of participant's compensation	Lesser of \$19,500 or 100% of participant's compensation
SIMPLE 401(k) plans and SIMPLE IRA plans ¹	Lesser of \$13,500 or 100% of participant's compensation	Lesser of \$13,500 or 100% of participant's compensation

¹ Must aggregate employee contributions to all 401(k), 403(b), SAR-SEP, and SIMPLE plans of all employers. 457(b) plan contributions are not aggregated. For SAR-SEPs, the percentage limit is 25% of compensation reduced by elective deferrals (effectively, a 20% maximum contribution).

IRA contribution limits	2020	2021
Traditional IRAs	Lesser of \$6,000 or 100% of earned income	Lesser of \$6,000 or 100% of earned income
Roth IRAs	Lesser of \$6,000 or 100% of earned income	Lesser of \$6,000 or 100% of earned income

Additional "catch-up" limits (individuals age 50 or older)	2020	2021

401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs ²	\$6,500	\$6,500
SIMPLE 401(k) plans and SIMPLE IRA plans	\$3,000	\$3,000
IRAs (traditional and Roth)	\$1,000	\$1,000

² Special catch-up limits may also apply to 403(b) and 457(b) plan participants.

Employer contribution/benefit ³ limits

Defined benefit plan limits	2020	2021
Annual contribution limit per participant	No predetermined limit. Contributions based on amount needed to fund promised benefits	No predetermined limit. Contributions based on amount needed to fund promised benefits
Annual benefit limit per participant	Lesser of \$230,000 or 100% of average compensation for highest three consecutive years	Lesser of \$230,000 or 100% of average compensation for highest three consecutive years

Defined contribution plan limits [qualified plans, 403(b) plans, SEP, and SIMPLE plans]	2020	2021
Annual addition limit per participant (<i>employer contributions; employee pre-tax, after-tax, and Roth contributions; and forfeitures</i>) (<i>does not apply to SIMPLE IRA plans</i>)	Lesser of \$57,000 or 100% (25% for SEP) of participant's compensation	Lesser of \$58,000 or 100% (25% for SEP) of participant's compensation
Maximum tax-deductible employer contribution [<i>not applicable to 403(b) plans</i>]	25% of total compensation of employees covered under the plan (20% if self employed) plus any employee pre-tax and Roth contributions; 100% for SIMPLE plans	25% of total compensation of employees covered under the plan (20% if self employed) plus any employee pre-tax and Roth contributions; 100% for SIMPLE plans

³ For self-employed individuals, compensation generally means earned income. This means that, for qualified plans, deductible contributions for a self-employed individual are limited to 20% of net earnings from self-employment (net profits minus self-employment tax deduction), and special rules apply in calculating the annual additions limit.

Compensation limits/thresholds

Retirement plan compensation limits	2020	2021
Maximum compensation per participant that can be used to calculate tax-deductible employer contribution (qualified plans and SEPs)	\$285,000	\$290,000
Compensation threshold used to determine a highly compensated employee	\$130,000 (when 2020 is the look-back year)	\$130,000 (when 2021 is the look-back year)
Compensation threshold used to determine a key employee in a top-heavy plan	\$1 for more-than-5% owners, \$185,000 for	\$1 for more-than-5% owners, \$185,000 for

	officers, \$150,000 for more-than-1% owners	officers, \$150,000 for more-than-1% owners
Compensation threshold used to determine a qualifying employee under a SIMPLE plan	\$5,000	\$5,000
Compensation threshold used to determine a qualifying employee under a SEP plan	\$600	\$650

Traditional deductible IRA income limits — Income phase-out range for determining deductibility of traditional IRA contributions for taxpayers covered by an employer-sponsored plan and filing as:	2020	2021
Single	\$65,000 - \$75,000	\$66,000 - \$76,000
Married filing jointly	\$104,000 - \$124,000	\$105,000 - \$125,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000

Traditional deductible IRA income limits — Income phase-out range for determining deductibility of traditional IRA contributions for taxpayers not covered by an employer-sponsored retirement plan but filing a:	2020	2021
Joint return with a spouse who is covered by an employer-sponsored retirement plan	\$196,000 - \$206,000	\$198,000 - \$208,000

Roth IRA compensation limits — Income phase-out range for determining ability to fund Roth IRA for taxpayers filing as:	2020	2021
Single	\$124,000 - \$139,000	\$125,000 - \$140,000
Married filing jointly	\$196,000 - \$206,000	\$198,000 - \$208,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000

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