

Retirement Contributions At-a-Glance, 2025

As fewer companies offer pensions and Social Security makes up less of the average retiree's income, you will have to rely more on your own savings for retirement. Making contributions to IRAs and workplace retirement plans (WRP), such as a 401(k), 403(b), SEP IRA, or SIMPLE IRA is an easy way to save for retirement.

Key facts to know

- **Is earned income required to make a contribution?** — An individual must have taxable earned income to make an IRA contribution. A nonworking spouse may contribute based on the working spouse's earned income when filing jointly.
- **What is compensation?** — Generally, compensation includes salaries, wages, tips, professional fees, bonuses, nontaxable combat pay, and other amounts you receive for providing personal services.
- **What is not considered compensation?** — Compensation does not include any amount received as earnings and profits from property, such as rental, interest or dividend income, pension or annuity income, deferred compensation, income from certain partnerships, and any amounts (other than combat pay) you exclude from income, such as foreign earned income and housing costs.
- **Can contributions be made with securities?** — No, contributions must be made in cash, check, or money order. Contributions cannot be made in-kind (i.e., securities, property).

Coverdell ESA Contribution limits

Coverdell Education Savings Accounts allow you to save for a child's education expenses with tax-free growth and distribution opportunities. Earned income is not required to make a contribution, but contributions are subject to the following Modified Adjusted Gross Income (MAGI) limits:

Single	Married/joint	Contribution
Up to \$95,000	Up to \$190,000	Full
\$95,000 and \$110,000	\$190,000 and \$220,000	Partial
Over \$110,000	Over \$220,000	None

- Contributions may be made until the child, sometimes referred to as the designated beneficiary, reaches age 18.
- Annual, nondeductible contributions of up to \$2,000 per child from all contributors, regardless of the number of ESAs for that child.
- Special needs beneficiaries are allowed contributions beyond age 18.

401(k), 403(b), Gov't 457(b) plan contribution limits

Employee maximum deferral contributions	Catch-up contribution (age 50 and up by 12/31)	Catch-up contribution (age 60 through 63 by 12/31)
\$23,500	\$7,500	\$11,250

Combined limit for designated Roth account and pretax 401(k), or 403(b) deferral contributions is \$23,500 for those younger than 50 and \$30,500 for those 50 and older within a particular tax year.

SEP, SIMPLE IRAs, and other retirement limits

Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans	\$16,500
Catch-up contribution for SIMPLE IRA and SIMPLE 401(k) plans (if age 50 or older)	\$3,500
Catch-up contributions for SIMPLE IRA and SIMPLE 401(k) plans (age 60 through 63 by 12/31)	\$5,250
Maximum annual defined contribution plan limit	\$70,000
Maximum compensation for calculating qualified plan contribution	\$350,000
Maximum annual defined benefit limit	\$280,000
Threshold for highly compensated employee	\$160,000
Threshold for key employee in top-heavy plans	\$230,000
Maximum SEP contribution is lesser of limit or 25% of eligible compensation	\$70,000
Income subject to Social Security	\$176,100

Investment and Insurance Products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

You can contribute to an IRA whether or not you contribute to a workplace retirement plan.

Traditional and Roth IRA contributions

Maximum contribution (per individual if under age 50)	Maximum contribution (per individual if age 50 or older within a particular tax year)
The lesser of \$7,000 or total compensation for the year	The lesser of \$8,000 or total compensation for the year

- The total contribution to all of your Traditional and Roth IRAs cannot be more than the annual maximum for your age or 100% of earned income, whichever is less.
- There is no maximum age for making IRA contributions, as long as you, or your spouse if filing jointly, has earned income and meet other eligibility requirements.
- Traditional IRA contributions can be made even if you aren't eligible for the deduction.
- Roth IRA contributions can be made if you are at or under modified adjusted gross income (MAGI) phase-out limits.
- Roth contributions are not tax-deductible.
- If you are a designated beneficiary of a 529 plan, you may be eligible to have a direct rollover contribution made on your behalf from your 529 plan to your Roth IRA, up to the maximum annual contribution limit for your age. This amount is aggregated with any other annual IRA contributions. The amount rolled over cannot exceed the lifetime maximum of \$35,000. MAGI limits do not apply.

Wednesday, April 15, 2026, is the last day to establish and/or make contributions for 2025 for Traditional and Roth IRAs and Coverdell ESAs — no extension.

- Contribution deadline extensions apply to employer contributions with SEP and SIMPLE IRAs.

Roth IRA contribution phase-out limits

- Contributions are subject to the following MAGI limits:

Single/Head of Household	Married/joint	Married/separate ¹	Contribution
Up to \$150,000	Up to \$236,000	N/A	Full
\$150,000 – \$165,000	\$236,000 – \$246,000	Up to \$10,000	Partial
Over \$165,000	Over \$246,000	Over \$10,000	None

Traditional IRA deductibility limits

- Full deduction if you and your spouse, if you are married, are not covered² by a WRP regardless of income.
- Individual covered² by a WRP, deductions are phased out based upon marital status and MAGI:

Single/Head of Household	Married/joint	Married/separate ¹	Deduction
Up to \$79,000	Up to \$126,000	N/A	Full
\$79,000 – \$89,000	\$126,000 – \$146,000	Up to \$10,000	Partial
Over \$89,000	Over \$146,000	Over \$10,000	None

- If your spouse is covered² by a WRP, but you are not, your deductions are phased out based upon MAGI:

Married/joint	Married/separate ¹	Deduction
Up to \$236,000	N/A	Full
\$236,000 – \$246,000	Up to \$10,000	Partial
Over \$246,000	Over \$10,000	None

¹ Your filing status is considered single for IRA contribution purposes if you did not live with your spouse during the tax year.

² The "Retirement Plan" box in Box 13 of your W-2 tax form should be checked if you were covered by a WRP.

Source: IRA contribution, deductibility, and phase-out limit information can be found at [irs.gov](https://www.irs.gov). Wells Fargo Advisors has provided this link for your convenience but does not control or endorse the website and is not responsible for the products, services, content, links, privacy policy, or security policy of this website.

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