

**Contribution Limits Increase for Tax Year 2023**

The beginning of a new year is an excellent time to re-evaluate your retirement savings goal of 15% of your household income, including employer contributions. Gradually increasing your savings by 1% each year can profoundly affect your retirement choices. For example, if you save an additional \$100 per month over twenty years with a 7% average return, the increase in your retirement savings would be over \$50,000. In addition, if you continued to increase your contribution amount by \$100 per month annually for five years, the difference in your account value would be worth over \$350,000 using a 7% return over a 20-year timeframe.

It is also possible to increase your savings while in retirement. For example, if you have a part-time income, you can make Roth contributions up to the amount of earned income, not to exceed \$7,000 for 2022. Remember, you can still make contributions to your Traditional, SEP, and Roth IRA accounts before the tax filing deadline.

Below are the contribution limits for both 2022 and 2023:

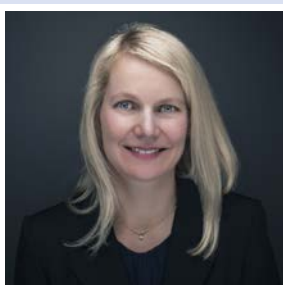
Type of Retirement Plan	2022	2023
401(k), 457 and 403(b) Plans Deferral Limit	\$20,500	\$22,500
401(k), 457 and 403(b) Plans Catch-up Contribution Limit for individuals aged 50 or over	\$6,500	\$7,500
Roth or Traditional IRA Contribution Limits	\$6,000	\$6,500
Roth or Traditional IRA Catch up Contribution Limits for individuals aged 50 or over	\$1,000	\$1,000

If you are deferring into your employer’s plan, you may consider changing your contributions from Pre-tax to Roth 401(k) or Roth 403(b). We are still in a low tax rate environment, and Roth deferrals act as a hedge against higher taxes in the future. You pay today’s tax rate on the deferral, and the earnings will be tax-free if the account is held for at least five years and accessed after age 59 ½. The Roth portion of your retirement accounts will also be tax-free to your heirs if the account has been established for at least five years.

Please reach out to me with any questions.

Kind regards,

Meghan



Meghan Phillips Dykstra CFP®  
 Investment Advisor Representative  
 900 East Front Street, Suite 200  
 Traverse City, MI 49686  
 phone: 231-486-6188  
 fax: 231-486-6191  
[Meghan.dykstra@SecuritiesAmerica.com](mailto:Meghan.dykstra@SecuritiesAmerica.com)  
[TandemWealthTC.com](http://TandemWealthTC.com)