

# **LEFTOVER TAX GOODIES**

## **OCTOBER 2005**

After plenty of new tax legislation in 2001 and 2003, Congress has not enacted any major new tax changes for 2005. What we have left for this year is essentially leftover legislation that will continue to be phased in until 2010. The leftovers include the rollout of the Roth 401K discussed earlier and these other goodies:

### **Increased Contribution Limits for Retirement Savings**

Contribution limits for many employer-sponsored retirement accounts and IRA's have increased this year and some will go up again in 2006.

#### **For 2005...**

401K, 403B, Salary Reduction SEP and 457 plans are \$14,000. The catch-up contribution is \$4000.

Simple IRA's are \$10,000. The catch-up is \$2000.

Traditional and Roth IRA's are \$4000. The catch-up is \$500

#### **For 2006...**

401K, 403B, Salary Reduction SEP and 457 plans are \$15,000. The catch-up is \$5000.

Simple IRA's are \$10,000. The catch-up is \$2,500.

Traditional and Roth IRA's are \$4000. The catch-up is \$1000

Note: After 2005, Simple IRA contribution limits will be periodically adjusted in \$500 increments to account for inflation. After 2006, 401K, 403B, Salary Reduction SEP and 457 plans' contribution limits will be periodically adjusted in \$500 increments to account for inflation. Only individuals aged 50 and older can make catch-up contributions. After 2006, catch-up contribution limits will be periodically adjusted in \$500 increments to account for inflation.