

MOOREINSIGHTS



Whether retirement is a long way off or right around the corner, planning for it is never set-it-and-forget-it. The Internal Revenue Service (IRS) often increases Individual Retirement Account (IRA) and 401(k) contribution limits to account for inflation. And you need to know that because if you don't increase your own contributions, inflation may leave you with lower purchasing power when you look to your nest egg to provide for you during your golden years.

2026 IRA and Retirement Plan Contribution Limits

Type	2025 Limit Catch-Up (50+)		2026 Limit Catch-Up (50+)	
Traditional IRA	\$7,000	\$1,000	\$7,500	\$1,100
Roth IRA	\$7,000	\$1,000	\$7,500	\$1,100
401(k) or 403(b)	\$23,500	\$7,500	\$24,500	\$8,000
SIMPLE IRA	\$16,500	\$3,500	\$17,000	\$4,000
SEP IRA	\$70,000	N/A	\$72,000	N/A

Retirement Plans Explained

Traditional and Roth IRAs

The contribution limits for both types of IRAs may be the same, but the tax treatments are not. You contribute pre-tax money to a traditional IRA, thus lowering your tax bill in the year you contribute. Your contributions grow according to your investments within your traditional IRA account. You pay taxes when you withdraw funds from your account in retirement.

With a Roth IRA, you contribute after-tax money to your account. However, when you withdraw in retirement, you don't pay taxes on those gains. The two IRAs allow you to maximize your prospective tax benefits: Pay taxes now, assuming you'll be subject to higher taxes in retirement, or avoid taxes now, assuming you'll be paying a lower rate later on. Of course, you can invest into both types of IRAs to get the best of both tax worlds.

You can begin withdrawing from both plans once you hit 59½, but unlike the Roth, a traditional IRA has required minimum distributions (RMDs) depending on when you were born. Another factor to consider is whether to leave some of your retirement account as part of your inheritance plan for children or other family members. For example, if you're invested in a Roth and don't withdraw from it, that balance gets passed on. But if your retirement account consists of only a traditional IRA and you have to take distributions, you would have to pay taxes and funnel those funds to another type of investment to pass it on to heirs.

401(k) and 403(b) Plans

A 401(k) or 403(b) lets you save a larger portion of your income through pre-tax payroll contributions. Many employers also match a percentage of what you put in, which makes a significant difference over time. A 401(k) is offered by most private employers, while 403(b)s are used by schools, nonprofits, and certain public organizations, but both follow the same limits and basic rules.

Beyond the tax benefits, these plans also automate your savings. Because contributions are taken directly from your paycheck, they remove the temptation to spend money first and save later. Over decades of work, that automatic structure can be one of the strongest forces behind building a meaningful retirement balance. And if you receive bonuses, commission-based income, or equity payouts, using those to boost your contributions can help you take fuller advantage of annual limits.

If you've changed jobs over the years, you may have old 401(k) or 403(b) accounts sitting untouched. Rolling those balances into a single IRA or into your current

employer's 401(k) plan, if they allow rollovers, can simplify your investments. Consolidation also makes it easy to change your allocation as you become older, instead of having to deal with several accounts that have different investment options and fees.

SIMPLE and SEP IRAs

Savings Incentive Match Plan for Employees (SIMPLE) IRAs are designed for small businesses and allow employees to make salary-deferral contributions while employers either match or make a small mandatory contribution. Simple Employee Pension (SEP) IRAs, on the other hand, are funded only by employers and are often used by self-employed individuals because of their higher contribution limits. Both plans offer straightforward, tax-advantaged ways to save when a traditional 401(k) isn't available.

If you own a business with fluctuating income, a SEP plan can give you flexibility to contribute more in strong years and scale back during slower periods. The increase to \$72,000 for 2026 can be especially helpful for high earners looking to accelerate their retirement savings while keeping administrative complexity to a minimum.

Income Limits and Eligibility Considerations

Contribution limits are just one side of the equation. The IRS also sets income thresholds that determine whether your IRA contributions are deductible and whether you can contribute directly to a Roth IRA.

For traditional IRAs, the rules depend on your income and whether you or your spouse is covered by a workplace retirement plan:

- If you're single or head of household and covered by a plan at work, your 2026 deduction phases out between \$81,000 and \$91,000 of modified adjusted gross income (MAGI).
- If you're married filing jointly and the spouse making the IRA contribution is covered by a plan, the deduction phases out between \$129,000 and \$149,000.
- If you're married filing jointly and you're not covered at work but your spouse is, the deduction phases out between \$242,000 and \$252,000.
- For married filing separately and covered by a plan, the phase-out range remains \$0 to \$10,000.

Roth IRAs are governed by a different set of income caps:

- For married couples filing jointly, the 2026 Roth IRA contribution phase-out range is \$242,000 to \$252,000 of MAGI.
- For single filers and heads of household, the phase-out range is \$153,000 to \$168,000.
- For married filing separately, the range is again \$0 to \$10,000.

Employer plans such as 401(k)s and 403(b)s do not have income caps for participation, but income still matters because of nondiscrimination testing and the way employer matches are calculated. Executives sometimes discover that their allowable contributions are capped earlier in the year if their plan fails certain tests. Knowing the rules ahead of time gives you room to adjust your strategy and avoid surprises.

The Importance of Maximizing Contributions

Retirement accounts require long-term vision of your finances, and it can be tempting to sacrifice that for short-term needs. But these accounts reward you for planning with various tax benefits or employer-matching programs. It's effectively "free money" you're leaving on the table by not maximizing your contributions each year. What you save will provide you with greater comfort and security in your later years when you may not want to work any longer. You want to be in a position where you can retire on your own terms when you're ready.

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