

**ROBERT A NEIMAN**  
CERTIFIED PUBLIC ACCOUNTANT  
1606 James Street  
Merrick New York 11566  
Phone (516) 867-5545 or (800) 313-2119  
Cell Phone (516) 680-1653  
Fax (516) 867-4810 or (866) 823-1800  
E-Mail: rneiman1@optonline.net

**2001 Tax Act Changes to Retirement Plan Contributions Effective in 2002**

The 2001 Tax Act made significant changes to retirement plan contribution amounts for 2002 and later years. There are now special “catch up” provisions for taxpayers over age 50 that allow greater contributions or deferrals. Below is a brief summary of the changes for 2002.

For **taxpayers under age 50**, the following are the new contribution amounts & elective deferral amounts:

- ? **IRA's and Roth IRA's** – The maximum amount that can be contributed to an IRA or a Roth IRA increases to \$3,000 in 2002.
- ? **401(k), 403(b) & SARSEP Elective Deferrals** – The dollar limit on annual elective deferrals under 401(k), 403(b) and SARSEP plans increases to \$11,000 for 2002.
- ? **SIMPLE Elective Deferrals** – The dollar limit on annual elective deferrals under a SIMPLE plan increases to \$7,000 for 2002.

For **taxpayers over age 50**, the following are the new contribution amounts & elective deferral amounts:

- ? **IRA & Roth “Catch Up Provisions”** - For individuals who are at least age 50 by the end of 2002, the maximum contribution allowed to IRA's and Roth IRA's is \$3,500 for 2002.
- ? **401(k), 403(b) & SARSEP “Catch Up Provisions”** - For individuals who are at least age 50 by the end of 2002, the maximum deferral allowed into 401(k), 403(b) and SARSEP plans increases to \$12,000 for 2002.
- ? **SIMPLE “Catch Up Provisions”** - For individuals who are at least age 50 by the end of 2002, the maximum deferral allowed into SIMPLE plans increases to \$7,500 for 2002.

Employers and self-employed persons are allowed increased contributions to **Simplified Employee Pensions (SEP)** for 2002:

- ? **Simplified Employee Pensions (SEP)** - The contribution limits for a SEP increases in 2002. The maximum amount of compensation taken into account for the SEP increases from \$170,000 to \$200,000. The maximum contribution rate increases from 15% to 25% of compensation. However, the maximum amount allowed as a contribution is limited to \$40,000 in 2002.