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Meaningful Cost of Living Adjustments for 2022

December 2021

Equitable's Advanced Markets team offers a number of ways financial professionals can access core tax rate and contribution threshold information. It's available on our [logged in website](#) within the Advanced Markets section and within the Advanced Markets Resource Center, a third-party platform, found within that section.

This eNotive provides insights on some notable increases. As it goes to publication, Congress continues to debate tax legislation. Although they have announced there are no expected changes to most income tax rates or to estate taxes, that possibility remains something to be watchful for up until the final passage of any legislation. Advanced Markets will offer other publications and notifications as there are legislative developments.

Here's a summary of key cost of living adjustments (COLA).

Personal Rate Changes

Income tax rates

There are general cost of living adjustments across all tax brackets and across each filing status.

Standard deductions

For the 2022 tax year, the standard deduction for married couples increases to \$25,900; for single filers the deduction increases to \$12,950.

Estate and gift changes

Estate and gift lifetime exemptions

For 2022, the amount increases to \$12,060,000. Under the Tax Cut and Jobs Act, this rate is scheduled to be reduced after 2025.

Annual gift exclusion

For the first time in several years, this amount increases to \$16,000 per year per donee/gift recipient.

Retirement and benefit changes

401(k) contribution limitations

Contributions for 2022 into 401(k), 403(b) and most 457(b) plans are increased to \$20,500.

IRA contribution limitations

Contributions for 2022 remain the same at \$6,000 (\$7,000 for those age 50 or older).

These increases apply to both traditional IRA and Roth IRA contributions.

SIMPLE IRA contribution limits for 2022 have increased to \$14,000, up from \$13,500. Those employees who are age 50 and over are eligible to make additional catch-up contributions, limited to an additional \$3,000/year.

SEP IRA contribution limits have increased to \$61,000 for 2022, up from \$58,000 in 2021.

Defined contribution 415(c) limitation

The “annual additions” limitation is increased to \$61,000.

401(a)(17) annual compensation limit

The annual compensation limit is increased to \$305,000.

Flexible Spending Accounts (FSA)

This amount increases to \$2,850.

Health Savings Accounts (HSA)

This amount increases to \$3,650 for individuals and \$7,300 for families. Individuals over age 50 may contribute an additional \$1,000.

**If you have any questions, contact
Advanced Markets.**

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