

Date: October 6, 2005

**Table T05-0276**  
**Remove AGI Phase-out Thresholds for Roth IRA Contribution Limits<sup>1</sup>**  
**Distribution of Federal Tax Change by AGI Class and Filing Status, 2005**  
**Filing Status: Married Filing Separately**

AGI Class (thousands of 2005 dollars) <sup>2</sup>	Number (thousands)	Tax Units <sup>3</sup>		Percent Change in After-Tax Income <sup>4</sup>	Percent of Total Tax Change	Average Tax Change (\$)	Average Federal Tax Rate <sup>5</sup>	
		Percent of Total	Percent with Tax Cut				Current Law	Proposal
<b>Less than 10</b>	1,363	39.5	0.0	0.0	0.0	0	2.9	2.9
<b>10-20</b>	386	11.2	0.6	0.0	1.3	-2	13.1	13.1
<b>20-30</b>	495	14.3	0.8	0.0	2.9	-4	17.5	17.5
<b>30-40</b>	469	13.6	3.1	0.0	7.2	-10	19.0	19.0
<b>40-50</b>	201	5.8	6.3	0.1	11.8	-37	20.4	20.3
<b>50-75</b>	264	7.7	6.9	0.1	21.8	-52	23.0	22.9
<b>75-95</b>	80	2.3	9.7	0.1	11.6	-92	25.0	24.9
<b>95-110</b>	44	1.3	14.2	0.2	11.7	-167	26.4	26.3
<b>110-150</b>	30	0.9	7.4	0.0	1.9	-41	25.9	25.9
<b>150-160</b>	9	0.3	0.3	0.0	0.0	-3	28.7	28.7
<b>More than 160</b>	52	1.5	30.7	0.1	29.7	-362	31.0	31.0
<b>All</b>	3,453	100.0	2.4	0.1	100.0	-18	22.6	22.6

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-2).

(1) Calendar Year. Baseline is current law. Under current law, the maximum allowed contribution to a Roth IRA is \$4000 for single, head of household, and married filing separately filers and \$8000 for married filing jointly filers. These limits are gradually phased-out for single and head of household filers with AGI between \$95,000 and \$110,000, for married filing jointly filers with AGI between \$150,000 and \$160,000, and for married filing separately filers with AGI between \$0 and \$10,000. Under the proposal, the Roth IRA contribution limits are not phased out, and thus are the same for filers of all income levels. For a detailed discussion of the methodology used for imputing Roth IRA contributions, see Burman, Gale, Hall and Orszag (2004), available at:

[http://www.urban.org/UploadedPDF/311029\\_TPC\\_DP16.pdf](http://www.urban.org/UploadedPDF/311029_TPC_DP16.pdf)

(2) Tax units with negative AGI are excluded from the lowest income class but are included in the totals.

(3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (individual income tax, net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax) as a percentage of average cash income.