

Date: October 6, 2005

**Table T05-0274**  
**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 Jointly**

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>	9,595	15.9	0.0	0.0	0.0	0	1.6	1.6
<b>10-20</b>	4,415	7.3	0.0	0.0	0.0	0	3.9	3.9
<b>20-30</b>	4,589	7.6	0.0	0.0	0.0	0	7.4	7.4
<b>30-40</b>	4,482	7.4	0.0	0.0	0.0	0	11.7	11.7
<b>40-50</b>	4,748	7.9	0.0	0.0	0.0	0	14.6	14.6
<b>50-75</b>	11,681	19.4	0.0	0.0	0.0	0	17.2	17.2
<b>75-95</b>	6,993	11.6	0.0	0.0	0.0	0	19.0	19.0
<b>95-110</b>	3,428	5.7	0.0	0.0	0.0	0	20.2	20.2
<b>110-150</b>	4,744	7.9	0.0	0.0	0.0	0	22.0	22.0
<b>150-160</b>	675	1.1	9.4	0.1	2.1	-82	23.0	23.0
<b>More than 160</b>	4,444	7.4	28.9	0.2	97.9	-579	28.4	28.2
<b>All</b>	60,289	100.0	2.2	0.1	100.0	-44	21.3	21.2

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.