



Retirement Plan Limitations

Limitations on qualified retirement plan benefits and contributions

The IRS recently announced the 2025 cost-of-living adjustments for various retirement plan dollar limits.

The indexed amounts, and other commonly used limits, are listed below:

	2022	2023	2024	2025
Maximum Pretax Contribution by Employees to §401(k) plans (§402(g)(1)) ¹	\$20,500	\$22,500	\$23,000	\$23,500
Maximum Pretax Contribution by Employees to a SIMPLE Plan (§408(p)(2)(E)) ¹	\$14,000	\$15,500	\$16,000	\$16,500
Maximum Pretax Contribution by Employees to §403(b) plans (§402(g)(1)) ^{1,2}	\$20,500	\$22,500	\$23,000	\$23,500
Maximum Exclusion from an eligible §457 plan ^{1,2}	\$20,500	\$22,500	\$23,000	\$23,500
Maximum After-Tax Contribution by employees to §402A Roth 401(k), 403(b), and governmental 457(b) plans	\$20,500	\$22,500	\$23,000	\$23,500
Defined Benefit Maximum (§415(b)(1)(A)) (\$90,000 in 1987) ³	\$245,000	\$265,000	\$275,000	\$280,000
Defined Contribution Maximum (§415(c)(1)(A)) ^{2,3}	\$61,000	\$66,000	\$69,000	\$70,000
Highly Compensated Employees (§414(q)(1)(B)) ^{4,5} (Compensation Exceeding \$80,000 in 1997)	\$135,000	\$150,000	\$155,000	\$160,000
Considered Compensation Cap (§401(a)(17), 404(l), 408(k)(3)(C), 408(k)(6)(D)(ii)) ⁴	\$305,000	\$330,000	\$345,000	\$350,000
Simplified Employee Pension (SEP)				
Compensation Threshold for Participation (§408(k)(2)(C)) ⁴	\$650	\$750	\$750	\$750
Key Employee (§416 officer)	\$200,000	\$215,000	\$220,000	\$230,000
Social Security Wage Base	\$147,000	\$160,200	\$168,600	\$176,100
Earnings Limit without losing Social Security benefits				
At least age 62, but under full retirement age ⁶	\$19,560	\$21,240	\$22,320	\$23,400
The year an individual reaches full retirement age ⁷	\$51,960	\$56,520	\$59,520	\$62,160
Catch-up Contribution (§414(v)(2)(B)(ii)) for individual aged 50 or over in an employer plan other than a plan described in §401(k)(11) or §408(p) (SIMPLE) ¹	\$6,500	\$7,500	\$7,500	\$7,500
Catch-up Contribution (§414(v)(2)(E)(i)) for individual aged 60, 61, 62, or 63 in an employer plan other than a plan described in §401(k)(11) or §408(p) (SIMPLE) ¹				\$11,250
Catch-up Contribution (§414(v)(2)(B)(ii)) for individual aged 50 or over in a plan described in §401(k)(11) or §408(p) (SIMPLE) ¹	\$3,000	\$3,500	\$3,500	\$3,500
Catch-up Contribution (§414(v)(2)(E)(ii)) for individual aged 60, 61, 62, or 63 in a plan described in §401(k)(11) or §408(p) (SIMPLE) ¹				\$5,250

1 Participants' limitation for each calendar year.

2 Other limitations apply; limits may be exceeded under certain circumstances.

3 Thresholds are based on the plan (limitation) year which ends during the calendar year.

4 Amounts are subject to the thresholds in effect at the beginning of the plan (determination) year.

5 Post-1996 definition of Highly Compensated Employees is: (a) 5% owners during the year or the preceding, or (b) employees with compensation in excess of \$80,000 (as indexed above) for the preceding year, or (c) employees with compensation in excess of \$80,000 (as indexed above) for the preceding year, and in the top 20% of compensated employees for the preceding year as defined by the plan document.

6 One dollar in benefits will be withheld for every \$2 in earnings above the limit. For retirees born in 1943-1954, full retirement age is 66. Full retirement age will gradually increase to age 67 for those born in 1955-1959. Retirement age is 67 for those born in 1960 and later.

7 Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit. There is no limit on earnings beginning the month an individual attains full retirement age.

Michael Krucker
michael.krucker@plantemoran.com | 313-496-8551

Laura Taylor
laura.taylor@plantemoran.com | 616-643-4025

Ben Johnson
ben.johnson@plantemoran.com | 313-496-7249