

2023 Cost of Living Adjustments (COLA)

The Internal Revenue Service (IRS) sets annual limits that apply specifically to the amounts employees, employers, or a combination of both can contribute to a retirement plan.

| Contribution Plan Limits | 2023 | 2022 | 2021 |
|---|--------------------------|--------------------------|--------------------------|
| 401(k), 403(b), and 457 Plan Elective Deferrals - 402(g)(1) The limit a participant can contribute in pre-tax deferral and Roth combined. | \$22,500 | \$20,500 | \$19,500 |
| SIMPLE Plan Elective Deferrals The limit a participant can contribute in pre-tax deferrals to a SIMPLE IRA plan. | \$15,500 | \$14,000 | \$13,500 |
| IRA (Traditional and Roth) The limit a participant can contribute in pre-tax deferral and Roth combined. | \$6,500 | \$6,000 | \$6,000 |
| ESOP Limits - 409(o)(1)(c) The limit on contributions to defined contribution plans, including contributions to the ESOP on the employee's behalf. | \$1,330,000 \$265,000 | \$1,230,000 \$245,000 | \$1,165,000 \$230,000 |
| Catch-Up Contribution A participant age 50 or older can contribute up to this amount, in addition to the Elective Deferral Limit listed above. | \$7,500 | \$6,500 | \$6,500 |
| Annual Defined Contribution Limit - 415(c)(1)(A) The total limit of all contributions into an employee account. This includes pre-tax deferral, Roth contributions, and any employer contributions. | \$66,000 | \$61,000 | \$58,000 |
| Annual Compensation Limit - 401(a)(17)/404(l) The income limit allowed in benefit calculations. | \$330,000 | \$305,000 | \$290,000 |
| Highly Compensated Employee (HCE) Threshold - 414(q)(1)(B) The minimum amount that an eligible employee must earn in the prior plan year to be considered a Highly Compensated Employee. | \$150,000 | \$135,000 | \$130,000 |
| Key Employee - 416(i)(1)(A)(i) The minimum amount an officer* must earn during the testing period to be considered a Key Employee. | \$215,000 | \$200,000 | \$185,000 |
| SEP Minimum Compensation The threshold for benefit eligibility. | \$750 | \$650 | \$650 |
| Taxable Wage Base - OASDI The maximum amount of earned income upon which employees must pay Social Security taxes. | \$160,200 | \$147,000 | \$142,800 |

*An officer is an administrative executive who is in regular and continuous service with the employer, has binding authority, and makes decisions on behalf of the company.

Special note for employers: Employer contributions (if applicable) are limited to 25% of eligible compensation or 20% of your net self-employment income, if self-employed.

Additional information:

- The term "annual additions" generally means the sum for any year of employer contributions, employee contributions, and forfeitures.
- For plans that include salary deferral features, individuals who are age 50 and older by the end of the calendar year may make catch-up contributions in addition to the annual additions limit, if catch-up contributions are permitted under the plan.