

IRS ANNUAL COST-OF-LIVING ADJUSTMENTS EMPLOYEE BENEFIT DOLLAR LIMITATIONS FOR 2025

EFFECTIVE:
JANUARY 1, 2025

Making several changes, the IRS has released the 2025 cost-of-living adjustments applicable to the dollar limits and thresholds for retirement plans and health and welfare benefit plans. Plan sponsors should update their systems and formulas to include the limits that have been adjusted.

RETIREMENT PLAN LIMITS	2024	2025
ELECTIVE DEFERRALS		
401(k) CONTRIBUTIONS	\$23,000	\$23,500
403(b) CONTRIBUTIONS	\$23,000	\$23,500
457 PLAN CONTRIBUTIONS	\$23,000	\$23,500
SIMPLE 401(k) CONTRIBUTIONS	\$16,000	\$16,500
SIMPLE IRA CONTRIBUTIONS	\$16,000	\$16,500
CATCH-UP CONTRIBUTIONS		
401(k) CONTRIBUTIONS	\$7,500	\$7,500
403(b) CONTRIBUTIONS	\$7,500	\$7,500
457 PLAN CONTRIBUTIONS	\$7,500	\$7,500
CATCH-UP FOR PARTICIPANTS WHO ATTAIN AGE 60-63 IN 2025 (IF ELECTED)	N/A	\$11,250
SIMPLE 401(k) CONTRIBUTIONS	\$3,500	\$3,500
SIMPLE IRA CONTRIBUTIONS	\$3,500	\$3,500
415 ANNUAL ADDITIONS		
DEFINED BENEFIT PLAN DOLLAR LIMIT	\$275,000	\$280,000
DEFINED CONTRIBUTION PLAN DOLLAR LIMIT	\$69,000	\$70,000
401(a)(17) MAXIMUM ANNUAL PLAN COMPENSATION	\$345,000	\$350,000
414(q) HIGHLY COMPENSATED EMPLOYEE	\$155,000	\$160,000
TOP-HEAVY KEY EMPLOYEE		
OFFICERS	\$220,000	\$230,000
1% OWNER	\$150,000	\$150,000
IRAs		
ANNUAL CONTRIBUTION LIMIT	\$7,000	\$7,000
CATCH-UP CONTRIBUTIONS	\$1,000	\$1,000
FICA TAXABLE WAGE BASE		
SOCIAL SECURITY (TAX RATE 6.2%)	\$168,600	\$176,100
MEDICARE (TAX RATE 1.45%)	NO LIMIT	NO LIMIT
HEALTH AND WELFARE BENEFIT PLAN LIMITS	2024	2025
CONTRIBUTION LIMITS FOR HSAs		
SINGLE - CONTRIBUTION TO HSAs	\$4,150	\$4,300
FAMILY - CONTRIBUTION TO HSAs (Changed)	\$8,300	\$8,550
CATCH-UP CONTRIBUTION (55+)	\$1,000	\$1,000

Source: IRS: Notice 2024-80