

Insights

IRS Announces Retirement Plan Limitations for 2025

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On November 1, 2024, the Internal Revenue Service issued Notice 2024-80 announcing the cost-of-living adjustment ("COLA") applicable to pension and retirement plan dollar limitations for the 2025 calendar year.

New for 2025 and courtesy of SECURE 2.0, a "super" catch-up contribution limit for 401(k), 403(b) and 457 plans, as well as SIMPLE 401(k) and SIMPLE IRA plans, applies for participants who will reach ages 60, 61, 62 or 63 by the end of the limitation year. For 401(k), 403(b) and 457 plans, the super catch-up contribution limit for 2025 is \$11,250 instead of \$7,500 and, for SIMPLE 401(k) plans and SIMPLE IRAs, the super catch-up contribution limit is \$5,250 instead of \$3,500.

Most of the dollar limits applicable to contribution and benefit limits, including the elective contribution limit for 401(k), 403(b) and 457(b) plans, will increase from the 2024 limits. Additionally, the Social Security Administration has determined that the 2025 benefit base will be \$176,100, up from \$168,600 in 2024. A change in a limitation means that the increase in the cost-of-living index was sufficient enough to trigger the applicable statutory COLA.

The following table summarizes many of the retirement plan limitations for the 2024 and 2025 tax years:

Type of Limitation	Amount of Limitation
Compensation Limit – 401(a)(17), 404(l), 408(k)(3)(C) [SEP], and 408(k)(6)(D)(ii)	\$350,000
Elective Deferral Limit for 401(k)/403(b)/457(b) Plans, SARSEPs – 402(g)(1), 457(e)(15), 408(k)(6)(A)(iv)	\$23,500
Catch-up Contribution Limit for 401(k)/403(b)/Governmental 457(b) Plans, SARSEPs – 414(v)(2)(B)(i)	\$7,500
Super Catch-up Contribution Limit for 401(k)/403(b)/Governmental 457(b) Plans, SARSEPs (Ages 60 through 63) – 414(v)(2)(E)(i)	\$11,250
Highly Compensated Employee Compensation Threshold – 414(q)(1)(B)(i)	\$160,000
Defined Benefit Plan Annual Benefit Limitation – 415(b)(1)(A)	\$280,000

Defined Contribution Plan Annual Addition Limitation - 415(c)(1)(A)	\$70,000
Key Employee Compensation Threshold for Officers – 416(i)(1)(A)(i)	\$230,000
SEP Eligibility Compensation Threshold – 408(k)(2)(C)	\$7500
SIMPLE 401(k) Plan and SIMPLE IRA Elective Contribution Limit – 401(k)(1)(B)(i)(I), 408(p)(2)(E)	\$16,500
SIMPLE 401(k) Plan and SIMPLE IRA Catch-up Contribution Limit – 414(v)(2)(B)(ii)	\$3,500
SIMPLE 401(k) Plan and SIMPLE IRA Super Catch-up Contribution Limit (Ages 60 through 63) – 414(v)(2)(E)(ii)	\$5,250
ESOP Maximum Account Balance Subject to 5-year Distribution Period – 409(o)(1)(C)	\$1,415,000
ESOP Incremental Amount for Lengthening 5-year Distribution Period - 409(o)(1)(C)	\$280,000
Compensation Limit for Grandfathered Participants in Certain Governmental Plans – 401(a)(17)	\$520,000

For further information regarding the 2025 retirement plan limitations or to discuss any other retirement or welfare plan matters, please contact any member of our Employee Benefits and Executive Compensation Practice Group.

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