

2025 Cost of Living Adjustments Announced

On November 1, 2024, the Internal Revenue Service issued Notice 2024-80, providing the cost of living dollar limits for retirement plans:

<u>LIMIT</u>	<u>2025</u>	<u>2024</u>
Defined Benefit Plan		
The lesser of the maximum dollar limitation for annual benefits under defined benefit plans under Internal Revenue Code (IRC) Section 415(b)(1)(A) or 100% of the participant's average compensation for his high 3 years.	\$280,000	\$275,000
Defined Contribution Plan 415 Dollar Limit		
The lesser of the dollar limitation for annual additions under defined contribution plans under IRC Section 415(c)(1)(A) or 100% of compensation.	\$70,000	\$69,000
401(k)/403(b)/Existing SARSEP Elective Deferral Limit		
All elective deferrals (including designated Roth contributions) in a tax year made by a participant to 401(k), 403(b) tax deferred annuity, simplified employee pension, and SIMPLE retirement plans are aggregated under IRC Section 402(g).	\$23,500	\$23,000
457 Deferral Limit		
The lesser of the limitation on vested contributions to 457 plans under IRC Section 457(e)(15) or 100% of includible compensation.	\$23,500	\$23,000
403(b) Limit, Including 15 Years of Service Catch-up		
The maximum available 402(g) elective deferral limit plus the special catch-up election for employees participating in a 403(b) tax deferred annuity who have had at least 15 years of service with an educational organization, hospital, home health agency, health and welfare service agency, church or convention or association of churches.	\$26,500	\$26,000

Note: The additional 403(b) special catch-up of up to \$3,000 per year cannot exceed cumulatively \$15,000 over the lifetime of the 403(b) participant.

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LIMIT**2025****2024****Special 457 Catch-up Limit**

The special catch-up election for employees participating in an eligible 457 deferred compensation plan who have elected the special catch-up available in the three years prior to the year of normal retirement age. The annual additional amount available under a Special 457 Catch-up for an eligible participant is the lesser of (1) twice the current deferral limit, or (2) the sum of the current deferral limit plus the underutilized amount from prior years.

\$47,000

\$46,000

Note: The participant in a governmental 457(b) plan may make catch-up contributions in a year equal to the greater of (1) the amount permitted under the Age 50+ Catch-up, or (2) the amount permitted under the Special 457 Catch-up.

Age 50+ Catch-up Limit (401(k), 403(b), and Governmental 457(b) Plans)

The special catch-up available under IRC Section 414(v) for individuals at least 50 years old in 2025 to make eligible pre-tax (and/or designated Roth) contributions to 401(k), 403(b), and governmental 457 plans.

\$7,500

\$7,500

***Important note with respect to participants who reached a threshold of 3121(a) wages in the prior year by the employer sponsoring a 401(k), 403(b), or governmental 457(b) plan (the "Wage Threshold"):** SECURE 2.0 requires that Age 50+ catch-ups made by participants that have met the Wage Threshold can be made only as Roth contributions in the current year. The IRS announced that it will delay the enforcement of this requirement for Age 50+ contributions made prior to 2026.

N/A

N/A

Increased Catch-up Limit for Participants Between Ages 60-63 (401(k), 403(b), and Governmental 457(b) Plans)

The increased catch-up available under IRC Section 414(v) for individuals at least 60 years old and not more than 63 years old in 2025 to make eligible pre-tax (and/or designated Roth) contributions to 401(k), 403(b), and governmental 457 plans.

\$11,250

N/A

IRA Annual Contribution Limit

Total annual contributions may be made by an individual, aggregating all traditional and Roth IRAs they own.

\$7,000

\$7,000

Note: Federal individual income tax filing status and adjusted gross income determine the deductibility of annual contributions to a traditional IRA and eligibility to contribute to a Roth IRA.

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LIMIT**2025****2024****Age 50+ Catch-up Limit (IRAs)**

The special catch-up available under IRC Section 219(b) for individuals at least 50 years old.

\$1,000

\$1,000

Definition of Key Employee

The compensation threshold used for determining key employees under IRC Section 416(i)(1)(A)(i).

\$230,000

\$220,000

Definition of Highly Compensated Employees

The compensation threshold used for determining highly compensated employees under IRC Section 414(q)(1)(B).

\$160,000

\$155,000

Compensation Limit

The annual limit of compensation that may be taken into account for contribution purposes in accordance with IRC Section 401(a)(17).

\$350,000

\$345,000

The annual limit of compensation that may be taken into account for contribution purposes in accordance with IRC Section 401(a)(17) (certain governmental plan participants who first became participants in that governmental plan before the 1996 plan year).

\$520,000

\$505,000

Dollar Limit for Exception to the IRS Premature Distribution Penalty Tax for Domestic Abuse Victim Distributions

The annual dollar amount used for determining the aggregate amount available for a domestic abuse victim distribution from 401(a) and 401(k) defined contribution plans, 403(b) plans, governmental 457(b) plans and traditional IRAs, other than defined contribution plans subject to spousal consent. The amount available cannot exceed the lesser of that year's dollar amount or 50 percent of the participant's vested account.

\$10,300

\$10,000

Adjusted Gross Income Limit for Saver's Credit

The highest adjusted gross income (based on federal income tax filing status) taken into account for eligibility for the Saver's Credit under IRC Section 25B.

\$79,000 (joint)

\$76,500 (joint)

\$39,500 (single)

\$38,250 (single)

\$59,250 (head of household)

\$57,375 (head of household)

Deferral Limit for SIMPLE Retirement Accounts

Annual contribution limit for employee deferrals to a SIMPLE retirement plan described in IRC Section 408(p)(2) or 401(k)(11).

\$16,500

\$16,000

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LIMIT**2025****2024****Age 50+ Catch-up Limit for SIMPLE Retirement Accounts**

The special catch-up available for individuals who are at least 50 years old in 2025 and make eligible pre-tax contributions to a SIMPLE plan described in IRC Section 408(p)(2) or 401(k)(11).

\$3,500

\$3,500

Increased Catch-up Limit for Participants Between Ages 60-63 (SIMPLE Retirement Accounts)

The increased catch-up available under IRC Section 414(v) for individuals at least 60 years old and not more than 63 years old in 2025 to make eligible pre-tax (and/or designated Roth in the case of a SIMPLE 401(k) plan) contributions to a SIMPLE plan described in IRC Section 408(p)(2) or 401(k)(11).

\$5,250

N/A

Compensation for SEPs

Compensation taken into account to determine eligibility for simplified employee pensions (SEPs).

\$750

\$750

On October 10, 2024, the Social Security Administration released its cost of living information:

Taxable Wage Base**2025****2024**

Maximum amount of earnings subject to payroll tax.

\$176,100

\$168,600

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