

# 2025 Retirement Plan Limits



On November 1, 2024, the IRS announced cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items for the tax year 2025. Here are the highlights:

|   | 2025      | 2024      | 2023      |
|---|-----------|-----------|-----------|
| 401(k), 403(b), 457 Elective Deferral Limit (calendar year):                          | \$23,500  | \$23,000  | \$22,500  |
| 401(k), 403(b) & 457 Catch-Up Contribution Limit (calendar, plan or limitation year)* | \$7,500   | \$7,500   | \$7,500   |
| Annual Compensation Limit (Plan year BEGIN)   | \$350,000 | \$345,000 | \$330,000 |
| Defined Contribution Limit (limitation year END)                                      | \$70,000  | \$69,000  | \$66,000  |
| Defined Benefit Limit at ages 62-65 (limitation year END)                             | \$280,000 | \$275,000 | \$265,000 |
| Definition of Highly Compensated Employee (HCE) (plan year BEGIN)                     | \$160,000 | \$155,000 | \$150,000 |
| Key Employee Compensation Threshold (plan year END)                                   |           |           |           |
| 5% Owner  | All       | All       | All       |
| Officer   | \$230,000 | \$220,000 | \$215,000 |
| IRA Contribution Limit  | \$7,000   | \$7,000   | \$6,500   |
| IRA Catch-Up Contributions  | \$1,000   | \$1,000   | \$1,000   |

\*Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in these plans. For 2025, this higher catch-up contribution limit is \$11,250.

## Highlights of Changes for 2025

The annual compensation limit under Code Sections 401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii) is increased from \$345,000 to \$350,000.

The limitation for defined contribution (DC) plans under Section 415(c)(1)(A) (annual additions) has been increased for 2023 to \$70,000 from \$69,000.

The income limit for the Saver's Credit (also known as the Retirement Savings Contributions Credit) for low- and moderate-income workers is \$79,000 for married couples filing jointly, up from \$76,500; \$59,250 for heads of household, up from \$57,375; and \$39,500 for singles and married individuals filing separately, up from \$38,250.

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