



# 2023 RETIREMENT PLAN LIMITS

## OVERVIEW

On October 21, 2022, the Internal Revenue Service announced the cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2023.

- The 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan contribution limit increases to \$22,500.
- The catch-up contribution limit for employees aged 50 and over increases to \$7,500.
- The SIMPLE retirement accounts contribution limit increases to \$15,500.
- The IRA contribution limit increases to \$6,500. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains \$1,000.

## COST-OF-LIVING ADJUSTED LIMITS FOR 2023

Plan Limits for Plan Year	2023	2022	2021	2020
<b>401(k), 403(b), 457 Elective Deferral Limit</b>	<b>\$22,500</b>	\$20,500	\$19,500	\$19,500
<b>Catch-Up Contribution Limit</b>	<b>\$7,500</b>	\$6,500	\$6,500	\$6,500
<b>Annual Compensation Limit</b>	<b>\$330,000</b>	\$305,000	\$290,000	\$285,000
<b>Defined Contribution Limit</b>	<b>\$66,000</b>	\$61,000	\$58,000	\$57,000
<b>Defined Benefit Limit</b>	<b>\$265,000</b>	\$245,000	\$230,000	\$230,000
<b>Definition of Highly Compensated Employee</b>	<b>\$150,000</b>	\$135,000	\$130,000	\$130,000
<b>Key Employee</b>	<b>\$215,000</b>	\$200,000	\$185,000	\$185,000
<b>SIMPLE Employee Deferrals</b>	<b>\$15,500</b>	\$14,000	\$13,500	\$13,500
<b>SIMPLE Catch Up Deferrals</b>	<b>\$3,500</b>	\$3,000	\$3,000	\$3,000
<b>SEP Minimum Compensation</b>	<b>\$750</b>	\$650	\$650	\$600
<b>SEP Annual Compensation Limit</b>	<b>\$330,000</b>	\$305,000	\$290,000	\$285,000
<b>IRA Contribution Limit</b>	<b>\$6,500</b>	\$6,000	\$6,000	\$6,000
<b>IRA Catch-Up Contributions</b>	<b>\$1,000</b>	\$1,000	\$1,000	\$1,000
<b>Social Security Wage Base</b>	<b>\$160,200</b>	\$147,000	\$142,800	\$137,700

Source: IRS Notice 2022-55: <https://www.irs.gov/pub/irs-drop/n-22-55.pdf>