

Retirement Plan Dollar Limits for 2025

The contributions and benefits under qualified retirement plans are subject to certain annual limits. The annual limits are subject to an annual cost-of-living increase based on an increase in the Consumer Price Index (CPI) for the quarter ending September 30. The Internal Revenue Service (IRS) has announced the cost-of-living adjustments to dollar limitations for retirement plans for 2025. All plan limits for 2024 and 2025 are shown below:

Limit	2024	2025
Compensation Limit	\$345,000	\$350,000
Defined Contribution \$415 Limit	\$69,000	\$70,000
Key Employee Officer	\$220,000	\$230,000
Highly Compensated Employee	\$155,000	\$160,000

Elective Deferral and Catch-up Limits for 2025

The elective deferral contribution limit increased for 2025 as follows.

Limit	2024	2025
401(k) Deferral & 457(b) Total Contribution Limits	\$23,000	\$23,500
401(k) Catch-up Limit: ages 50-59 and 64 or older	\$7,500	\$7,500
401(k) Super Catch-up Limit: ages 60,61,62, and 63	\$0	\$11,250

Social Security Wage Base

The Social Security Administration announced a change to the taxable wage base (TWB) from 2024, and it will be \$176,100 for 2025. Workers pay Social Security tax on wages up to the TWB. Also, some retirement plan formulas are integrated with Social Security. These plans often use the TWB when allocating contributions or calculating benefits.

