PLANSPONSOR®

Maximum Benefit and Contributions Limits

2017 through 2027

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Elective Deferrals—401(k) & 403(b) plans	**$25,500**	$24,500	$23,500	$23,000	$22,500	$20,500	$19,500	$19,500	$19,000	$18,500	$18,000
Annual Benefit Limit	**$300,000**	$290,000	$280,000	$275,000	$265,000	$245,000	$230,000	$230,000	$225,000	$220,000	$215,000
Annual Contribution Limit	**$75,000**	$72,000	$70,000	$69,000	$66,000	$61,000	$58,000	$57,000	$56,000	$55,000	$54,000
Annual Compensation Limit	**$375,000**	$360,000	$350,000	$345,000	$330,000	$305,000	$290,000	$285,000	$280,000	$275,000	$270,000
457(b) Deferral Limit	**$25,500**	$24,500	$23,500	$23,000	$22,500	$20,500	$19,500	$19,500	$19,000	$18,500	$18,000
Highly Compensated Threshold	**$170,000**	$160,000	$160,000	$155,000	$150,000	$135,000	$130,000	$130,000	$125,000	$120,000	$120,000
SIMPLE Contribution Limit	**$17,500**	$17,000	$16,500	$16,000	$15,500	$14,000	$13,500	$13,500	$13,000	$12,500	$12,500
SEP Coverage Limit	**$800**	$800	$750	$750	$750	$650	$650	$600	$600	$600	$600
SEP Compensation Limit	**$375,000**	$360,000	$350,000	$345,000	$330,000	$305,000	$290,000	$285,000	$280,000	$275,000	$270,000
Income Subject to Social Security	**$192,300**	$184,500	$176,100	$168,600	$160,200	$147,000	$142,800	$137,700	$132,900	$128,400	$127,200
Top-Heavy Plan Key Employee Comp	**$245,000**	$235,000	$230,000	$220,000	$215,000	$200,000	$185,000	$185,000	$180,000	$175,000	$175,000
Catch-Up Contributions	**$8,500**	$8,000	$7,500	$7,500	$7,500	$6,500	$6,500	$6,500	$6,000	$6,000	$6,000
Age 60-63 Catch-Up Contributions	**$11,750**	$11,250	$11,250	—	—	—	—	—	—	—	—
SIMPLE Catch-Up Contributions	**$4,000**	$4,000	$3,500	$3,500	$3,500	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000
Age 60-63 SIMPLE Catch-Up Contributions	**$5,250**	$5,250	$5,250	—	—	—	—	—	—	—	—
Pension-Linked Emergency Savings Accts	**$2,700**	$2,600	$2,500	—	—	—	—	—	—	—	—

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The **Elective Deferral Limit** is the maximum contribution that can be made on a pre-tax basis to a 401(k) or 403(b) plan (Internal Revenue Code section 402(g)(1)). Some still refer to this as the $7,000 limit (its original setting in 1987).

The **Annual Benefit Limit** is the maximum annual benefit that can be paid to a participant (IRC section 415). The limit applied is actually the lessor of the dollar limit above or 100% of the participant's average compensation (generally the high three consecutive years of service). The participant compensation level is also subjected to the **Annual Compensation Limit**.

The **Annual Contribution Limit** is the maximum annual contribution amount that can be made to a participant's account (IRC section 415). This limit is actually expressed as the lessor of the dollar limit **or** 100% of the participant's compensation, applied to the combination of employee contributions, employer contributions and forfeitures allocated to a participant's account.

In calculating contribution allocations, a plan cannot consider any employee compensation in excess of the **Annual Compensation Limit** (401(a)(17)). This limit is also imposed in determining the Annual Benefit Limit (above). In calculating certain nondiscrimination tests (such as the Actual Deferral Percentage), all participant compensation is limited to this amount, for purposes of the calculation.

The **457 Deferral Limit** is a similar restriction, applied to certain government plans (457 plans).

The **Highly Compensated Threshold** (section 414(q)(1)(B)) is the minimum compensation level established to determine highly compensated employees for purposes of nondiscrimination testing.

The **SIMPLE Contribution Limit** is the maximum annual contribution that can be made to a SIMPLE (Savings Incentive Match Plan for Employees) plan. SIMPLE plans are simplified retirement plans for small businesses that allow employees to make elective contributions, while requiring employers to make matching or nonelective contributions.

SEP Coverage Limit is the minimum earnings level for a self-employed individual to qualify for coverage by a Simplified Employee Pension plan (a special individual retirement account to which the employer makes direct tax-deductible contributions.

The **SEP Compensation Limit** is applied in determining the maximum contributions made to the plan.

EGTRRA also added the **Top-heavy plan key employee compensation limit.**

Catch up Contributions, SIMPLE "Catch up" deferral: Under the Economic Growth and Tax Relief Act of 2001 (EGTRRA), certain individuals aged 50 or over can now make so-called 'catch up' contributions, in addition to the above limits.

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