

IRS Limits On Benefits *and* Compensation

The IRS established and adjusts annually the limits on compensation, contributions, and certain definitions for qualified retirement plans. Shown below is a summary of these limits.

	2023	2024	2025
Defined Benefit Plan Dollar Limit	\$265,000	\$275,000	\$280,000
Maximum Plan Compensation Limit	\$330,000	\$345,000	\$350,000
Defined Contribution Annual Addition Limit	\$66,000	\$69,000	\$70,000
Social Security Taxable Wage Base	\$160,200	\$168,600	\$176,100
Deferral Limit for Calendar Year	\$22,500	\$23,000	\$23,500
Catch-up Contribution Limit	\$7,500	\$7,500	\$7,500
Super Catch-up Contribution Limit (Ages 60 – 63)	N/A	N/A	\$11,250
*Highly Compensated Employee Compensation Limit	\$150,000+	\$155,000+	\$160,000+
**Key Employee Officer Compensation Limit	\$215,000+	\$220,000+	\$230,000+

*If an employee receives compensation in excess of the annual Highly Compensated Employee compensation limit, he or she will be a Highly Compensated Employee in the following year. A Highly Compensated Employee is also defined as someone who owns more than 5% of the company (directly or via family attribution) in the current or previous year.

**An employee is a Key Employee if he or she meets at least one of the following criteria:

1. 5% Ownership test: An employee who is a more than 5% owner (directly or via family attribution).
2. 1% Ownership test: An employee who is a more than 1% owner (directly or via family attribution) and has annual compensation greater than \$150,000.
3. Officer test: An employee who is both an officer of the company and has annual compensation in excess of the annual Key Employee officer compensation limit.