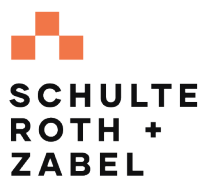


ALERT



What Are the Maximum Retirement Plan Benefits and Dollar Limits for 2025?

November 4, 2024



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The Secretary of the Treasury announced the 2025 limits for qualified retirement plans and IRAs based on cost of living increases. The Consumer Price Index for all Urban Consumers is the benchmark used to determine the index. With a cost-of-living increase of just 2.5%, employees will see modest dollar limits increases for 2025 for most of the key plan limits, as noted in the table on page 2.

IRS Notice 2024-80 sets forth the annual dollar limitations on benefits and contributions to qualified plans, effective Jan. 1, 2025, as required under Section 415(d) of the Internal Revenue Code. For 2025, the cap on employee deferrals increases to \$23,500, however, catch-up contributions will remain at \$7,500. The new catch up for individuals ages 60-63 is \$11,250. The annual additions limit for 401(k), 403(b) and other defined contribution plans increases from \$69,000 to \$70,000.

For 2025, highly compensated employees, who participate in both qualified and non-qualified plans, will have a greater amount of their compensation allocated to their qualified plan due to the increase in the compensation limit from \$345,000 to \$350,000.

Employers and Plan Sponsors of qualified retirement plans should communicate the new limits for 2025 to their plan participants. We are available to advise you on updating your enrollment materials, summary plan descriptions, employee handbooks and other employee communications. If you have any questions about the new limits or any other employee benefit matters, please feel free to contact one of the authors.

See full table on page 2.

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If you have any questions concerning this Alert, please contact your attorney at Schulte Roth + Zabel or one of the authors.

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Retirement Plan Dollar Limits for 2025

IRS Limits	Internal Revenue Code Section	2024	2025
Elective Deferral Limit for 401(k), 403(b) and 457(b) plans	§ 402(g)(1) § 457(e)(15)	\$23,000	\$23,500
Catch-up Contribution Limit for Age 50+	§ 414(v)(2)(B)(i)	\$7,500	\$7,500
Catch-up Contribution Limit for Age 60-63	414(v)	n/a	\$11,250
Annual Compensation Limit for qualified plans	§ 401(a)(17), § 404(l), § 408(k)(3)(C)	\$345,000	\$350,000
Defined Contribution Plan Limit on Annual Additions	§ 415(c)(1)(A)	\$69,000	\$70,000
Highly Compensated Employee Limit	§ 414(q)(1)(B)	\$155,000	\$160,000
Defined Benefit Plan Maximum Annual Benefit	§ 415(c)(1)(A)	\$275,000	\$280,000
Key Employee Limit for top heavy purposes	§ 416(i)(1)(A)(i)	\$220,000	\$230,000
Pension Linked Emergency Savings Accounts	§ 402(e)(3)(A)(i)	\$2,500	\$2,500
IRA Contributions	§ 219(b)(5)(A), (D)	\$7,000	\$7,000
IRA Catch-up Contribution Limit for Age 50+	§ 219(b)(5)(B)	\$1,000	\$1,000
Social Security Taxable Wage Base	OASDI	\$168,600	\$176,100
FICA tax for employers and employees	7.65%	7.65%	7.65%
Social Security tax for employers and employees	6.2%	6.2%	6.2%
Medicare tax for employers and employees	1.45%	1.45%	1.45%
Medicare surcharge tax above \$200,00 (\$250,000 if married filing jointly)	0.9%	0.9%	0.9%