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## Retirement Plan Limits for the Tax Years 2015 - 2021

On October 26, 2020, the Internal Revenue Service announced the cost-of-living adjustments applicable to dollar limitations for retirement plans (aka the "Retirement Plan Limits") and other items for Tax Year 2021. The Internal Revenue Code provides for limitations on contribution amounts and other benefits for qualified retirement plans. Every year, the IRS Commissioner reviews these benefits versus cost-of-living increases (i.e. inflation) to determine whether any changes are warranted. The adjustment procedures for retirement plans are similar to those for Social Security.

For 2021, **many limits remain the same**, because the change in the cost-of-living index did not meet the statutory thresholds that trigger their adjustment. The limitation of 401(k), 403(b), and 457 elective deferrals remains at **\$19,500**. The Catch-Up Contribution (participants aged 50+) limit has not changed and remains at **\$6,500**.

The Annual Defined Contribution limit increased from \$57,000 to **\$58,000**, the Annual Compensation Limit increased from \$285,000 to **\$290,000**, and the Social Security Wage Base increased from \$137,700 to **\$142,800** (previously announced on October 14th).

Please see below for a list of 401(k) and non-401(k) limits for the Tax Year 2021 as well as previous years going back to 2015.

<b>401k Plan Limits for Plan Year</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
401(k) Elective Deferrals	\$19,500	\$19,500	\$19,000	\$18,500	\$18,000	\$18,000	\$18,000
Annual Defined Contribution Limit	\$58,000	\$57,000	\$56,000	\$55,000	\$54,000	\$53,000	\$53,000
Annual Compensation Limit	\$290,000	\$285,000	\$280,000	\$275,000	\$270,000	\$265,000	\$265,000
Catch-Up Contribution Limit	\$6,500	\$6,500	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Highly Compensated Employees	\$130,000	\$130,000	\$125,000	\$120,000	\$120,000	\$120,000	\$120,000
<b>Additional Limits</b>							
403(b)/457 Elective Deferrals	\$19,500	\$19,500	\$19,000	\$18,500	\$18,000	\$18,000	\$18,000
SIMPLE Employee Deferrals	\$13,500	\$13,500	\$13,000	\$12,500	\$12,500	\$12,500	\$12,500
SIMPLE Catch-Up Deferral	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Puerto Rico Qualified Only Deferrals	15,000*	15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
SEP Annual Compensation Limit	\$290,000	\$285,000	\$280,000	\$275,000	\$270,000	\$265,000	\$265,000
Social Security Wage Base	\$142,800	\$137,700	\$132,900	\$128,400	\$127,200	\$118,500	\$118,500
Annual Defined Benefit Limit	\$230,000	\$230,000	\$225,000	\$220,000	\$215,000	\$210,000	\$210,000

Source: IRS Notice 2020-79

\*Applies to Plans qualified in Puerto Rico only and is an estimate based upon 2020 figures. The Puerto Rican retirement plan limits are typically not released until December. Dual-qualified plans match U.S. 401(k) plan limits with regards to total elective deferrals but not catch-up limits.

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