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Retirement Plan Limits for the Tax Years 2014 - 2020

On November 6, 2019, 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 2020. The Internal Revenue Code provides for limitations on contribution amounts and other benefits for qualified retirement plans and other deferred compensation 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 2020, **many limitations have increased**, because the change in the cost-of-living index met the statutory thresholds that trigger their adjustment. The limitation of 401(k), 403(b), and 457 elective deferrals increased by \$500 to **\$19,500**. The Catch-Up Contribution limit has increased by \$500 to **\$6,500**.

The Annual Defined Contribution limit increased from \$56,000 to **\$57,000**, the Annual Compensation Limit increased from \$280,000 to **\$285,000**, and the Social Security Wage Base increased from \$132,900 to **\$137,700** (previously announced on October 10th).

Please see below for a list of 401(k) and non-401(k) limits for the Tax Year 2020 as well as previous years going back to 2014.

401k Plan Limits for Plan Year	2020	2019	2018	2017	2016	2015	2014
401(k) Elective Deferrals	\$19,500	\$19,000	\$18,500	\$18,000	\$18,000	\$18,000	\$17,500
Annual Defined Contribution Limit	\$57,000	\$56,000	\$55,000	\$54,000	\$53,000	\$53,000	\$52,000
Annual Compensation Limit	\$285,000	\$280,000	\$275,000	\$270,000	\$265,000	\$265,000	\$260,000
Catch-Up Contribution Limit	\$6,500	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$5,500
Highly Compensated Employees	\$130,000	\$125,000	\$120,000	\$120,000	\$120,000	\$120,000	\$115,000
Additional Limits							
403(b)/457 Elective Deferrals	\$19,500	\$19,000	\$18,500	\$18,000	\$18,000	\$18,000	\$17,500
SIMPLE Employee Deferrals	\$13,500	\$13,000	\$12,500	\$12,500	\$12,500	\$12,500	\$12,000
SIMPLE Catch-Up Deferral	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$2,500
Puerto Rico Qualified Only Deferrals	15,000*	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
SEP Annual Compensation Limit	\$285,000	\$280,000	\$275,000	\$270,000	\$265,000	\$265,000	\$260,000
Social Security Wage Base	\$137,700	\$132,900	\$128,400	\$127,200	\$118,500	\$118,500	\$117,000
Annual Defined Benefit Limit	\$230,000	\$225,000	\$220,000	\$215,000	\$210,000	\$210,000	\$210,000

Source: PLANSPONSOR and IRS Notice 2019-59

*Applies to Plans qualified in Puerto Rico only and is an estimate based upon 2019 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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