

## IRS ANNUAL COST-OF-LIVING ADJUSTMENTS – EMPLOYEE BENEFIT PLAN LIMITATIONS FOR 2025

**EFFECTIVE:  
JANUARY 1, 2025**

The IRS has released the 2025 cost-of-living adjustments applicable to the dollar limitations on benefits and contributions of retirement plans and health and welfare benefit plans. We recommend plan sponsors update their systems and formulas to include the limits that have been adjusted.

RETIREMENT PLAN LIMITS	2025	2024	2023	2022
ELECTIVE DEFERRALS				
401(K) CONTRIBUTIONS	<b>\$23,500</b>	\$23,000	\$22,500	\$20,500
403(B) CONTRIBUTIONS	<b>\$23,500</b>	\$23,000	\$22,500	\$20,500
SIMPLE 401(K) CONTRIBUTIONS	<b>\$16,500</b>	\$16,000	\$15,500	\$14,000
SIMPLE IRA CONTRIBUTIONS	<b>\$16,500</b>	\$16,000	\$15,500	\$14,000
SARSEP CONTRIBUTIONS	<b>\$23,500</b>	\$23,000	\$22,500	\$20,500
457 CONTRIBUTIONS	<b>\$23,500</b>	\$23,000	\$22,500	\$20,500
REGULAR CATCH-UP CONTRIBUTIONS <sup>(1)</sup>	<b>\$7,500</b>	\$7,500	\$7,500	\$6,500
AGE 60-63 CATCH-UP CONTRIBUTIONS	<b>\$11,250</b>	--	--	--
ANNUAL ADDITIONS				
DEFINED BENEFIT ANNUAL BENEFIT	<b>\$280,000</b>	\$275,000	\$265,000	\$245,000
DEFINED CONTRIBUTION	<b>\$70,000</b>	\$69,000	\$66,000	\$61,000
ANNUAL COMPENSATION LIMIT	<b>\$350,000</b>	\$345,000	\$330,000	\$305,000
HIGHLY COMPENSATED EMPLOYEE <sup>(2)</sup>	<b>\$160,000</b>	\$155,000	\$150,000	\$135,000
TOP-HEAVY KEY EMPLOYEE <sup>(3)</sup>	<b>\$230,000</b>	\$220,000	\$215,000	\$200,000
FICA TAXABLE WAGE BASE				
SOCIAL SECURITY (TAX RATE 6.2%)	<b>\$176,100</b>	\$168,600	\$160,200	\$147,000
MEDICARE (TAX RATE 1.45%) <sup>(4)</sup>	<b>NO LIMIT</b>	NO LIMIT	NO LIMIT	NO LIMIT
HEALTH AND WELFARE BENEFIT PLAN LIMITS	2025	2024	2023	2022
HEALTH CARE FLEXIBLE SPENDING ACCOUNT	<b>\$3,300</b>	\$3,200	\$3,050	\$2,850
DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT	<b>\$5,000/ \$2,500</b>	\$5,000/ \$2,500	\$5,000/ \$2,500	\$5,000/ \$2,500
CONTRIBUTION LIMITS FOR HSAS				
SINGLE – CONTRIBUTION TO HSA	<b>\$4,300</b>	\$4,150	\$3,850	\$3,650
FAMILY – CONTRIBUTION TO HSA	<b>\$8,550</b>	\$8,300	\$7,750	\$7,300
CATCH-UP CONTRIBUTION (55+)	<b>\$1,000</b>	\$1,000	\$1,000	\$1,000
LIMITS FOR HSA COMPATIBLE HDHPS				
SINGLE – MINIMUM DEDUCTIBLE	<b>\$1,650</b>	\$1,600	\$1,500	\$1,400
SINGLE – MAX OUT-OF-POCKET	<b>\$8,300</b>	\$8,050	\$7,500	\$7,050
FAMILY – MINIMUM DEDUCTIBLE	<b>\$3,300</b>	\$3,200	\$3,000	\$2,800
FAMILY – MAX OUT-OF-POCKET	<b>\$16,600</b>	\$16,100	\$15,000	\$14,100

(1) The catch-up contribution limit for SIMPLE 401(k) and SIMPLE IRAs is \$3,500; age 60-63 catch-up limit is \$5,250.

(2) An employee with compensation greater than (i) \$160,000 in 2025 will be an HCE in 2026; (ii) \$155,000 in 2024 will be an HCE in 2025; (iii) \$150,000 in 2023 was an HCE in 2024, and (iv) \$135,000 in 2022 was an HCE in 2023.

(3) A "key employee" is any employee who, at any time during the plan year, is (i) an officer of the employer having annual compensation greater than \$230,000 (as indexed); (ii) a more-than-5% owner of the employer; or (iii) a more-than-1% owner of the employer having annual compensation from the employer of more than \$150,000.

(4) Employees pay an additional 0.9 percent on wages greater than \$200,000 for individuals (\$250,000 for married couples filing jointly).

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