2025 Cost of Living Adjustments

The Internal Revenue Code provides a dollar limitations on benefits and contributions under qualified retirement plans. Code §415 requires the limits to be adjusted annually for Cost-of-living increases. The IRS announced on November 1, 2024, cost of living adjustments (COLAs) applicable to dollar limitations for pension plans and other items for tax year 2025

	2025	**2024**	**2023**
401(k), 403(b), Profit Sharing Plans			
Annual Compensation Limit	***$350,000.00***	$345,000.00	$330,000.00
Elective Deferrals	***$23,500.00***	$23,000.00	$22,500.00
Catch-up Contributions	***$7,500.00***	$7,500.00	$7,500.00
Catch-Up Ages 60, 61, 62, & 63	***$11,250.00***	$0.00	$0.00
Annual Contribution Limit	***$70,000.00***	$69,000.00	$66,000.00
Highly-Compensated Employee (HCE) comp limit	***$160,000.00***	$155,000.00	$150,000.00
Key Employee: Officer	***$230,000.00***	$220,000.00	$215,000.00
Key Employee: 1% owner	***$150,000.00***	$150,000.00	$150,000.00
Taxable Wage Base	***$176,100.00***	$168,600.00	$160,200.00
SIMPLE PLANS			
Max Deferral Contributions	***$16,500.00***	$16,000.00	$15,500.00
Catch-up	***$3,500.00***	$3,500.00	$3,500.00
Catch-up Ages 60,61, 62, & 63	***$5,250.00***	$0.00	$0.00
IRA's			
IRA Contribution Limit	***$7,000.00***	$7,000.00	$6,500.00
IRA Catch-Up	***$1,000.00***	$1,000.00	$1,000.00
Others			
Defined Benefit Limits	***$280,000.00***	$275,000.00	$265,000.00

COLAs affect the contribution limits and operations of qualified retirement plans, simplified employee pension (SEP) plans and savings incentive match plans for employees of small employers (SIMPLE).

Section 415 of the Internal Revenue Code provides for dollar limitation on benefits and contributions under qualified retirement plans, It also requires that the Commissioner annually adjust these limits for cost-of-living increases.