

Insights

IRS Announces Retirement Plan Limitations for 2024

November 2, 2023

On November 1, 2023, the Internal Revenue Service issued Notice 2023-75 announcing the cost-of-living adjustment (“COLA”) applicable to pension and retirement plan dollar limitations for the 2024 calendar year.

Most of the dollar limits applicable to contribution and benefit limits, including the elective contribution limit for 401(k), 403(b) and 457(b) plans, will increase from the 2023 limits. Additionally, the Social Security Administration has determined that the 2024 benefit base will be \$168,600, up from \$160,200 in 2023. A change in a limitation means that the increase in the cost-of-living index was sufficient enough to trigger the applicable statutory COLA.

The following table summarizes many of the retirement plan limitations for the 2023 and 2024 tax years:

| Type of Limitation – Internal Revenue Code Section | Amount of Limitation for 2024 |
|---|-------------------------------|
| Compensation Limit – 401(a)(17), 404(I), 408(k)(3)(C) [SEP], and 408(k)(6)(D)(ii) | \$345,000 |
| Elective Deferral Limit for 401(k)/403(b)/457(b) Plans, SARSEPs – 402(g)(1), 457(e)(15), 408(k)(6)(A)(iv) | \$23,000 |
| Catch-up Contribution Limit for 401(k)/403(b)/Governmental 457(b) Plans, SARSEPs – 414(v)(2)(B)(i) | \$7,000 |
| Highly Compensated Employee Compensation Threshold – 414(q)(1)(B)(i) | \$155,000 |
| Defined Benefit Plan Annual Benefit Limitation – 415(b)(1)(A) | \$27,000 |
| Defined Contribution Plan Annual Addition Limitation - 415(c)(1)(A) | \$69,000 |
| Key Employee Compensation Threshold for Officers – 416(i)(1)(A)(i) | \$220,000 |
| SEP Eligibility Compensation Threshold – 408(k)(2)(C) | |
| SIMPLE 401(k) Plan and SIMPLE IRA Elective Contribution Limit – 401(k)(11)(B)(i)(I), 408(p)(2)(E) | \$10,000 |
| SIMPLE 401(k) Plan and SIMPLE IRA Catch-up Contribution Limit – 414(v)(2)(B)(ii) | \$3,000 |
| ESOP Maximum Account Balance Subject to 5-year Distribution Period – 409(o)(1)(C) | \$1,380,000 |
| ESOP Incremental Amount for Lengthening 5-year Distribution Period - 409(o)(1)(C) | \$275,000 |
| Compensation Limit for Grandfathered Participants in Certain Governmental Plans – 401(a)(17) | \$505,000 |

For further information regarding the 2024 retirement plan limitations or to discuss any other retirement or welfare plan matters, please contact any member of our Employee Benefits and Executive Compensation Practice Group.



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