

IRS and Social Security Compensation, Tax, and Benefit Limits	2025	2024	Change
<p>Defined Benefit Maximum Annual Pension Benefit The maximum annual benefit that can be accrued by an individual at his social security normal retirement age in a qualified defined benefit plan is the lesser of this limit or 100% of the highest consecutive 3-year average of compensation as a plan participant (IRC §415(b)(1)(A)).</p>	\$280,000	\$275,000	+ \$5,000
<p>Defined Contribution Maximum Annual Addition The maximum amount that can be contributed on behalf of an individual to one or more qualified defined contribution plans in a given year is the lesser of this limit or 100% of compensation for the year (IRC §415(c)(1)(A)).</p>	\$70,000	\$69,000	+ \$1,000
<p>Maximum Compensation Limit for Qualified Plans This is the maximum annual compensation that can be taken into account for a defined benefit, defined contribution or simplified employee pension plan (IRC §§401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii)).</p>	\$350,000	\$345,000	+ \$5,000
<p>Highly Compensated Employee A 5% owner at any salary or an employee receiving compensation in excess of this limit for the prior plan year is considered a highly compensated employee under IRC §414(q)(1)(B).</p>	\$160,000	\$155,000	+ \$5,000
<p>Social Security Taxable Wage Base Social Security taxes are paid for compensation up to this limit. Medicare taxes are paid on all compensation.</p>	\$176,100	\$168,600	+ \$7,500
<p>Key Employee - Officer Compensation The definition of a key employee is any 5% owner, and any officer with compensation over \$230,000.</p>	\$230,000	\$220,000	+ \$10,000
<p>Maximum Elective Deferral – 401(k), 403(b), 457(b) This is the maximum elective deferral that participants can make in a calendar year to plans described in IRC §402(g)(1). This refers to contributions made by the employer on behalf of the employee under a cash or deferred arrangement described in IRC §401(k), contributions to an IRA under a simplified employee pension plan described in IRC §408(k) and salary reduction agreements (or tax deferred annuities) described in IRC §403(b). The maximum elective deferral which can be made to a SIMPLE 401(k) Plan described in IRC §408(p) is \$16,500 in 2025.</p>	\$23,500	\$23,000	+ \$500
<p>Age 50 or older - Catch Up Contributions – 401(k), 403(b), 457(b) Catch-up contributions are available to employees age 50 or older by the end of the year. Catch-up contributions are not subject to any other contribution limits or nondiscrimination testing.</p>	\$7,500	\$7,500	N/A
<p>Super Catch Up Contributions – 401(k), 403(b), 457(b) Super catch-up contributions are available to employees aged 60-63 by the end of the year. Catch-up contributions are not subject to any other contribution limits or nondiscrimination testing.</p>	\$11,250		
<p>NOTE: To be considered catch-up contributions the contributions must exceed some Code or plan limit.</p>			