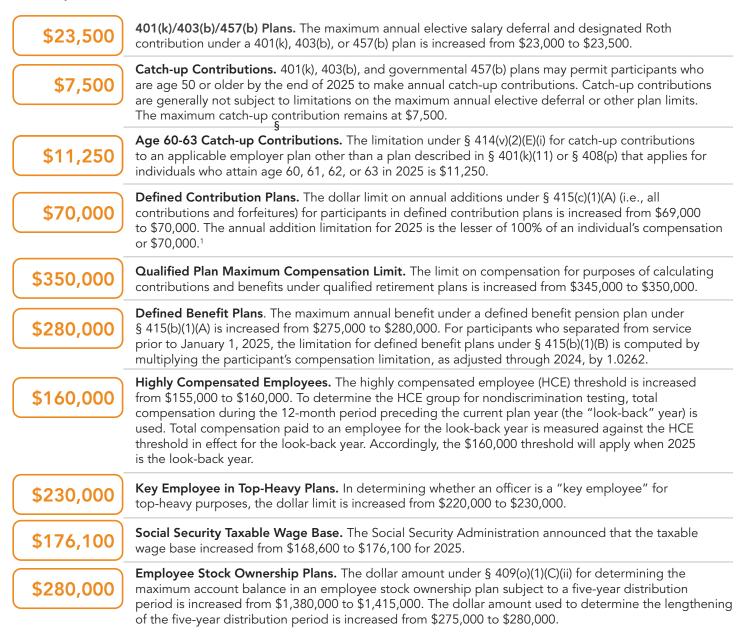
RETIREMENT PLAN **SPOTLIGHT**



Cost-of-Living Adjustments (COLA) for 2025

The Internal Revenue Service has announced the cost-of-living adjustments effective January 1, 2025, applicable to retirement plans and other employer related plans (as explained below). In accordance with legislative guidelines, these limitations are adjusted annually to reflect changes in the cost-of-living index. The guidelines are similar to those used to adjust Social Security benefits.

Below is a summary of the cost-of-living adjustments made to the dollar limitations applicable to retirement plans for the 2025 tax year:



\$10,300

Distributions to Victims of Domestic Violence Abuse. The limitation under § 72(t)(2)(K)(ii)(l) for eligible distributions to victims of domestic violence abuse from applicable eligible retirement plans is increased from \$10,000 to \$10,300.

Roth wage Catch-up Threshold. The Roth catch-up wage threshold for 2024, which under § 414(v)(7)(A) is used to determine whether an individual's catch-up contributions to an applicable employer plan (other than a plan described in § 408(k) or (p) for 2025 must be designated Roth contributions remains at \$145,000.²

\$2,500

Pension-Linked Emergency Savings Accounts. The limitation under § 402A(e)(3)(A)(i) concerning pension-linked emergency savings accounts that may be included in certain types of defined contribution plans remains \$2,500.

IRS & Social Security Limits and Thresholds on Benefits & Compensation

	2025	2024	2023	2022	2021	2020	2019	2018
Defined contribution 401(k)/403(b)/457(b) plan maximum elective deferrals	\$23,500	\$23,000	\$22,500	\$20,500	\$19,500	\$19,500	\$19,000	\$18,500
Catch-up contribution limit 401(k)/403(b)/govt. 457(b) plans [§ 414(v)(2)]	\$7,500	\$7,500	\$7,500	\$6,500	\$6,500	\$6,500	\$6,000	\$6,000
Defined contribution maximum annual addition ¹ [§ 415(c)(1)(A)]	\$70,000	\$69,000	\$66,000	\$61,000	\$58,000	\$57,000	\$56,000	\$55,000
Qualified plan maximum compensation limit	\$350,000	\$345,000	\$330,000	\$305,000	\$290,000	\$285,000	\$280,000	\$275,000
Defined benefit maximum annual pension [§ 415(b)(1)(A)]	\$280,000	\$275,000	\$265,000	\$245,000	\$230,000	\$230,000	\$225,000	\$220,000
Highly compensated employee threshold	\$160,000	\$155,000	\$150,000	\$135,000	\$130,000	\$130,000	\$125,000	\$120,000
Key employee-officer compensation threshold for top-heavy plans	\$230,000	\$220,000	\$215,000	\$200,000	\$185,000	\$185,000	\$180,000	\$175,000
Social Security taxable wage base	\$176,100	\$168,600	\$160,200	\$147,000	\$142,800	\$137,700	\$132,900	\$128,400
ESOP Limits [§ 409(o)(1)(C)(ii)]	\$1,415,000 \$280,000	\$1,380,000 \$275,000	\$1,330,000 \$265,000	\$1,230,000 \$245,000	\$1,165,000 \$230,000	\$1,150,000 \$230,000	\$1,130,000 \$225,000	\$1,105,000 \$220,000
Catch-up contributions (age 60,61,62,63)[§ 414(v)(2)(E)(i)]	\$11,250	N/A						
Distributions to victims of domestic violence abuse	\$10,300	\$10,000	N/A	N/A	N/A	N/A	N/A	N/A
Pension-linked emergency savings accounts	\$2,500	N/A						
Roth catch-up wage threshold ²	\$145,000	N/A						

¹Limit not applicable to catch-up contributions.

² Under IRS Notice 2023-62, the requirement for higher wage earners to make Roth Catch-up Contributions has been delayed until taxable years beginning after December 31, 2025.

Retirement Resources for You

The USI Consulting Group (USICG) team is happy to assist employers with all retirement plan matters and guidelines, including those discussed here.

Questions? Contact your USICG representative, visit our Contact Us page or reach out to us directly at information@usicg.com.

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