

IRS Retirement Plan Limits for 2024

Below is a chart listing the 2024 Pension Plan Annual Limits and the previous limits for years 2020-2023.

As published by the Internal Revenue Service	2024	2023	2022	2021	2020
Elective Deferral Limit	\$23,000	\$22,500	\$20,500	\$19,500	\$19,500
Annual Contribution Limit	\$69,000	\$66,000	\$61,000	\$58,000	\$57,000
Catch-Up Contributions	\$7,500	\$7,500	\$6,500	\$6,500	\$6,500
Annual Compensation Limit	\$345,000	\$330,000	\$305,000	\$290,000	\$285,000
Highly Compensated Employee Compensation Threshold	\$155,000	\$150,000	\$135,000	\$130,000	\$130,000
Top-Heavy Plan Key Employee Compensation Threshold	\$220,000	\$215,000	\$200,000	\$185,000	\$185,000
Annual Benefit Limit - Defined Benefit Plans	\$275,000	\$265,000	\$245,000	\$230,000	\$230,000
Special Compensation Limit - Gov't Plans	\$505,000	\$490,000	\$450,000	\$430,000	\$425,000
Income Subject to Social Security	\$168,600	\$160,000	\$147,000	\$142,800	\$137,700

Source: Internal Revenue Service and Social Security Administration

The **Elective Deferral Limit** is the maximum employee contribution that can be made to a 401(k) or 457(b) plan. Contributions can be made on a pre-tax basis or on an after-tax basis if your plan allows for Roth contributions.

The **Annual Contribution Limit** is the maximum annual contribution amount that can be made to a participant's account (IRC section 415). This limit is actually expressed as the lesser of the dollar limit or 100 percent of the participant's compensation, applied to the combination of employee contributions, employer contributions and forfeitures allocated to a participant's account.

Under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), certain individuals age 50 or older can now make so-called "**Catch-Up**" Contributions, in addition to the Elected Deferral limits indicated in the chart.

In calculating contribution allocations, a plan cannot consider any employee compensation in excess of the **Annual Compensation Limit** (IRC section 401(a)(17)). This limit is also imposed in determining the Annual Benefit Limit. In calculating certain nondiscrimination tests (such as the Actual Deferral Percentage), all participant compensation is limited to this amount for purposes of the calculation.

Highly Compensated Employees are generally defined as those who meet either of the following criteria.

- Employees who at any time during the current or previous plan years owned an interest in the employer of *more than* 5 percent, regardless of compensation. The ownership interests of certain family members are combined when determining if this threshold is met

- Employees who in the previous plan year had compensation *in excess of* \$155,000

There are additional considerations when Related Employers are present.

Top-Heavy Plan Key Employee Compensation Limits are generally defined as those who meet any of the following three criteria:

- Employees who, at any time during the previous plan year owned an interest in the employer of *more than* 5 percent
- Employees who at any time during the previous plan year owned an interest in the employer of *more than* 1 percent and had compensation *in excess of* \$155,000
- Officers who had compensation *in excess of* \$220,000 in the previous plan year

The ownership interests of certain family members are combined when determining if a threshold has been met.

There are additional considerations anytime Related Employers are present.

The **Annual Benefit Limit** is the maximum annual benefit that can be paid to a participant (IRC section 415). The limit applied is actually the lesser of the dollar limit indicated in the chart or 100 percent of the participant's average compensation (generally the highest three consecutive years of service). The participant compensation level is also subjected to the Annual Compensation Limit.