

IRS Benefit Plan Limits for 2025

On November 1, 2024, the Internal Revenue Service (IRS) released [Notice 2024-80](#), announcing cost-of-living adjustments that affect contribution limits for retirement plans and retirement accounts in 2025. The table below, though not exhaustive, highlights key changes that retirement plan sponsors should be aware of, along with several limitations that remain unchanged.

The following tables display key limits for 2024 and 2025 from the IRS:

Limit	Key Changes
Elective deferral limit ¹	Increase from \$23,000 to \$23,500
Catch-up contribution limit for employees ages 60–63 (at the end of the calendar year) for employer-sponsored plans (401(k), 403(b), governmental 457(b) currently offering catch-up contributions) and SIMPLE IRAs ¹	New in 2025 (see charts below)
Aggregate contribution limit for defined contribution plans	Increase from \$69,000 to \$70,000
Annual compensation limit	Increase from \$345,000 to \$350,000
Limitation on the annual benefit under a defined benefit ²	Increase from \$275,000 to \$280,000
Dollar limit used in the definition of “key employee” in a top-heavy retirement plan	Increase from \$220,000 to \$230,000
Dollar limit used in the definition of “highly compensated employee”	Increase from \$155,000 to \$160,000

The following tables display key limits for 2024 and 2025 from the IRS:

401(k) Plan Limits	2024	2025
401(k) elective deferral limit ¹	\$23,000	\$23,500
Catch up contributions (<i>based on age at the end of the calendar year</i>)		
For individuals ages 50–59 or older than 63	\$7,500	\$7,500
For individuals ages 60–63	\$7,500	\$11,250
Aggregate Contribution Limit for 401(k) plans ¹ (<i>based on age at the end of the calendar year</i>)		
For individuals younger than 50	\$69,000	\$70,000
For individuals ages 50–59 or older than 63	\$76,500	\$77,500
For individuals ages 60–63	\$76,500	\$81,250
401(a) compensation limit ³	\$345,000	\$350,000
Highly compensated employee income limit	\$155,000	\$160,000
Key employee limit	\$220,000	\$230,000

403(b) Plan Limits	2024	2025
403(b) elective deferral limit ¹	\$23,000	\$23,500
Catch up contributions <i>(based on age at the end of the calendar year)</i>		
For individuals ages 50–59 or older than 63	\$7,500	\$7,500
For individuals ages 60–63	\$7,500	\$11,250
Aggregate Contribution Limit for 403(b) plans <i>(based on age at the end of the calendar year)</i>		
For individuals younger than 50	\$69,000	\$70,000
For individuals ages 50–59 or older than 63	\$76,500	\$77,500
For individuals ages 60–63	\$76,500	\$81,250

457(b) Plan Limits	2024	2025
457(b) employee deferral limit ¹	\$23,000	\$23,500
Catch-up contributions for governmental 457(b) plans that currently offer catch-up contributions <i>(based on age at the end of the calendar year)</i>		
For individuals ages 50–59 or older than 63	\$7,500	\$7,500
For individuals ages 60–63	\$7,500	\$11,250
Aggregate Contribution Limit for 457(b) plans <i>(based on age at the end of the calendar year)</i>		
For individuals younger than 50	\$69,000	\$70,000
For governmental 457(b) plans that currently offer catch-up contributions		
For individuals ages 50–59 or older than 63	\$76,500	\$77,500
For individuals ages 60–63	\$76,500	\$81,250

Traditional and Roth IRA Limits	2024	2025
Traditional IRA and Roth IRA contribution limit	\$7,000	\$7,000
Catch-up contribution for individuals ages 50 and over <i>(based on age at the end of the calendar year)</i>	\$1,000	\$1,000

SEP IRA Limits	2024	2025
SEP contribution limit	\$69,000	\$70,000
SEP minimum compensation	\$750	\$750
SEP maximum compensation	\$345,000	\$350,000

SIMPLE IRA Limits for employers with 26 or more employees	2024	2025
Contribution limit	\$16,000	\$16,500
Catch-up contributions <i>(based on age at the end of the calendar year)</i>		
For individuals ages 50–59 or older than 63	\$3,500	\$3,500
For individuals ages 60–63	\$3,500	\$5,250
Aggregate Contribution Limit for SIMPLE IRA <i>(based on age at the end of the calendar year)</i>		
For individuals younger than 50	\$16,000	\$16,500
For individuals ages 50–59 or older than 63	\$19,500	\$20,000
For individuals ages 60–63	\$19,500	\$21,750
SIMPLE IRA Limits for employers with 25 or fewer employees	2024	2025
Contribution limit	\$17,600	\$17,600
Catch-up contributions <i>(based on age at the end of the calendar year)</i>		
For individuals ages 50–59 or older than 63	\$3,850	\$3,850
For individuals ages 60–63	\$3,850	\$5,250

A note on SIMPLE IRAs: Employers with more than 25 employees can take advantage of these larger limits by increasing the employer contribution formula in the adoption agreement to a 4 percent matching contribution or a 3 percent nonelective contribution.

¹ Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit.

² For a participant who separated from service before January 1, 2023, the limitation for defined benefit plans under Section 415(b)(1)(B) can be computed by multiplying the participant's compensation limitation, as adjusted through 2022, by 1.0833.

³ 401(a) compensation limit, the amount of earned income that can be used to calculate retirement account contributions. All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.

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