



2025 Cost-of-Living Adjustments for Retirement Plans and FSAs

The Internal Revenue Service announced the following annual limits for retirement and welfare plans for 2025. The employee elective deferral limit to 401(k), 403(b), and 457(b) plans will increase from \$23,000 to \$23,500, and catch-up contributions remained at \$7,500.

Dollar Limit	2024	2025
Defined Benefit Plan Annual Benefit: I.R.C. Section 415(b)(1)(A)	\$ 275,000	\$ 280,000
Defined Contribution Plan Annual Contribution: I.R.C. Section 415(c)(1)(A)	\$ 69,000	\$ 70,000
401(k)/403(b) Elective Deferral: I.R.C. Section 402(g)(1)	\$ 23,000	\$ 23,500
I.R.C. Section 457(b) Deferred Compensation Plan: (State and Local Governments and Tax Exempt Organizations) I.R.C. Section 457(e)(15)	\$ 23,000	\$ 23,500
Age 50 or Older Catch-Up Contribution: I.R.C. Section 414(v)(2)(B)(1)	\$ 7,500	\$ 7,500
Special Age 60-63 Catch-Up Contribution: I.R.C. Section 414(v)(2)(E)(i)	N/A	\$ 11,250
Annual Compensation: I.R.C. Sections 401(a)(17) and 404(l)	\$ 345,000	\$ 350,000
Highly Compensated Employee: I.R.C. Section 414(q)(1)(B)	\$ 155,000	\$ 160,000
ESOP Account Balance for 5-year Distribution Period: I.R.C. Section 409(o)(1)(C)(ii)	\$ 1,380,000	\$ 1,415,000
ESOP Minimum Payment to Extend Distribution Period: I.R.C. Section 409(o)(1)(C)(ii)	\$ 275,000	\$ 280,000
Employee Contribution Limit to Health FSAs: I.R.C. Section 125(i)	\$ 3,200	\$ 3,300

Health FSA Carry-Over Limit:
I.R.S. Notice 2020-33

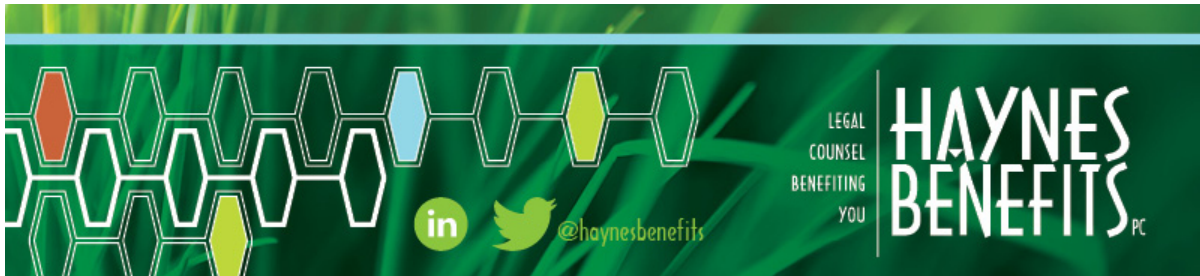
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The content herein is provided for educational and informational purposes only and does not contain legal advice. Please contact our office if you have any questions about compliance requirements applicable to your employee benefit plans or other HR compliance matters.

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