



# 2025 Retirement Plan Limits

Type of Limitation	Application of Limit	2025	2024	2023	2022	2021	2020
Maximum Considered Compensation	Plan Year Beginning in	<b>\$350,000</b>	\$345,000	\$330,000	\$305,000	\$290,000	\$285,000
IRC 415 Annual Additions Maximum (DC Plans)	Plan Year Ending in	<b>\$70,000</b>	\$69,000	\$66,000	\$61,000	\$58,000	\$57,000
IRC 415 Maximum Benefit (DB Plans)		<b>\$280,000</b>	\$275,000	\$265,000	\$245,000	\$230,000	\$230,000
Highly Compensated Employee Definition (wages in excess of)	Beginning of "Look-Back" Year	<b>\$160,000</b>	\$155,000	\$150,000	\$135,000	\$130,000	\$130,000
Key Employee – Officer Compensation (wages in excess of):		<b>\$230,000</b>	\$220,000	\$215,000	\$200,000	\$185,000	\$185,000
Key Employee – more-than-1% Owner Compensation (wages in excess of)	Beginning of "Look-Back" Year (Not COLA adjusted)	<b>\$160,000</b>	\$155,000	\$150,000	\$150,000	\$150,000	\$150,000
Social Security Taxable Wage Base	Plan Year Beginning in	<b>\$176,100</b>	\$168,600	\$160,200	\$147,000	\$142,800	\$137,700

## Deferral Limits

Type of Limitation	Application of Limit	2025	2024	2023	2022	2021	2020
401(k) Plan – Base 402(g) Maximum	Calendar Year	<b>\$23,500</b>	\$23,000	\$22,500	\$20,500	\$19,500	\$19,500
401(k) Plan – Standard Catch-up Contribution		<b>\$7,500</b>	\$7,500	\$7,500	\$6,500	\$6,500	\$6,500
401(k) Plan – Catch-up Attained Age: 60, 61, 62, 63		<b>\$11,250</b>	N/A	N/A	N/A	N/A	N/A
SIMPLE-IRA – Base Maximum		<b>\$16,500</b>	\$16,000	\$15,500	\$14,000	\$13,500	\$13,500
SIMPLE-IRA – Catch-up Contribution		<b>\$3,500</b>	\$3,500	\$3,500	\$3,000	\$3,000	\$3,000

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# 2025 Retirement Plan Limits

Type of Limitation	2025 Limits*	Explanation	Examples
<b>Maximum Considered Compensation**</b>	\$350,000	Plan year compensation for a participant in excess of this amount is disregarded for plan purposes.	A participant has \$400,000 of total compensation for the 2024 plan year. The company makes a matching contribution capped at 4% of compensation deposited each pay period. The matching contribution for this participant may not exceed \$14,000 for the plan year (4% x \$350,000).
<b>Participant Contribution Limit in a 401(k), Profit Sharing, or Other DC Plan (IRC §415)</b>	The lesser of: <ul style="list-style-type: none"> <li>\$70,000; or</li> <li>100% of compensation</li> </ul>	The aggregate of all contributions for a participant (e.g., deferral, match, profit sharing, etc.) cannot exceed this limit.  This limit does <u>not</u> include catch-up deferrals.	<ol style="list-style-type: none"> <li>A participant in an <u>owner-only</u> plan under age 50 with \$186,000 or more of W2 compensation for a plan year with deferrals of \$23,500 may be allocated an additional profit-sharing contribution up to \$46,500 (\$23,500 + \$46,500 = \$70,000)</li> <li>Same as participant in 1 above, except that total compensation is \$30,000. The profit-sharing contribution would be limited to \$6,500 because of the 100% of compensation limit on allocations to a participant (\$23,500 + \$6,500 = \$30,000).</li> </ol> <p>A participant may be limited from receiving their IRC §415 maximum contribution (100% of W2) due to the plan's deductible contribution limit (25% of covered comp).</p>
<b>Participant Deferral Basic Deferral Limit</b>	\$23,500	This is the basic deferral limit for all participants. The plan's document may also have a limit on the percentage of compensation allowable for deferrals.	A participant with at least \$23,500 of total compensation could defer up to \$23,500 from their compensation. However, limits imposed by the plan document to account for employee Social Security Tax and other withholdings may preclude participants from deferring 100% of their compensation.
<b>Participant Deferral Catch-up Contributions</b>	\$7,500 ((\$11,250: ages 60, 61, 62, 63))	An additional deferral amount available for participants age 50 or older in the current plan year. Allows such participants to defer up to \$31,000 (\$23,500 + \$7,500 = \$31,000). Participants who attain age 60, 61, 62 or 63 are allowed an increased catch-up contributions up to \$11,250. (\$23,500 + \$11,250 = \$34,250)	A participant age 50 or older with at least \$31,000 of total compensation could defer up to \$31,000 from their compensation. However, limits imposed by the plan document to account for employee Social Security Tax and other withholdings may preclude participants from deferring 100% of their compensation.
<b>Highly Compensated Employee (HCE) (uses <u>prior year's</u> HCE limit)</b>	<ul style="list-style-type: none"> <li>More than \$155,000 in the <u>prior</u> plan year (2024); or</li> <li>More-than-5% direct or indirect owner-employee</li> </ul>	HCE determination using the dollar threshold is based on compensation <u>paid in the prior plan year</u> (using prior year's limit).  Indirect owners are certain relatives of owners (e.g., spouse, child, parent, etc.).	<ol style="list-style-type: none"> <li>A participant who makes \$140,000 in the 2025 plan year but made more than \$155,000 in 2024 (the prior plan year) <u>IS</u> an HCE in the 2025 plan year.</li> <li>A participant who makes more than \$160,000 in the 2025 plan year but made \$140,000 in the prior plan year (2024) <u>IS NOT</u> an HCE in the 2025 plan year, but they will be an HCE in the 2026 plan year.</li> </ol>
<b>Key Employee</b>	<ul style="list-style-type: none"> <li>A more-than-5% owner of the company</li> <li>Certain relatives of the above (e.g., spouse, children, grandparents)</li> <li>An officer with compensation greater than \$230,000 in the <u>prior</u> plan year.</li> <li>A more-than-1% owner with compensation greater than \$150,000 in prior plan year.</li> </ul>	Used in Top Heavy Determination, which considers benefits due to Key Employees, and in certain other areas. A plan is Top Heavy if more than 60% of the benefits due from all plans sponsored by the Employer belong to Key Employees.  Any more-than-5% owner is also a HCE.	<ol style="list-style-type: none"> <li>The spouse of a 25% owner of the business is an employee of the business with annual compensation of \$50,000. The spouse is a Key Employee and also a HCE.</li> <li>The child of a 25% owner of the business is an employee of the business with annual compensation of \$15,000. The child is a Key Employee and also a HCE.</li> <li>An officer of the company with no ownership with compensation greater than \$230,000 in the <u>prior</u> plan year is a Key Employee and also a HCE.</li> </ol>
<b>Defined Benefit Maximum Annual Benefit At Retirement (IRC §415)</b>	The lesser of: <ul style="list-style-type: none"> <li>\$280,000; or</li> <li>100% of the average of the highest three consecutive year annual compensation.</li> </ul>	This is the annual benefit payable <u>at retirement</u> that may be funded for in a Defined Benefit or Cash Balance plan.  A participant's 415 limit will supersede the plan's formula if the plan's formula would produce a benefit greater than the 415 limit.	<ol style="list-style-type: none"> <li>Participant has established a high consecutive three-year average compensation of \$280,000 or more and has 10 years or more of participation in a Defined Benefit or Cash Balance plan. The plan may fund for an annual benefit for that participant of up to \$280,000 per year beginning at the plan's retirement age of 62.</li> <li>Participant has established a high consecutive three-year average compensation of \$100,000 and has 10 years of participation in a DB or Cash Balance plan. The plan may fund for an annual benefit for that participant of up to \$100,000 per year beginning at the plan's retirement age of 62.</li> </ol>

\* Dollar limits assume a 12/31 plan year end, and are indexed.

\*\*Compensation for this purpose is total W2 or net self-employment income (partners; sole props; etc.) for the plan year.

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