



2025 Retirement Plan Limits

Type of Limitation	Application of Limit	2025	2024	2023	2022	2021	2020
Maximum Considered Compensation	Plan Year Beginning in	\$350,000	\$345,000	\$330,000	\$305,000	\$290,000	\$285,000
IRC 415 Annual Additions Maximum (DC Plans)	Plan Year Ending in	\$70,000	\$69,000	\$66,000	\$61,000	\$58,000	\$57,000
IRC 415 Maximum Benefit (DB Plans)		\$280,000	\$275,000	\$265,000	\$245,000	\$230,000	\$230,000
Highly Compensated Employee Definition (wages in excess of)	Beginning of "Look-Back" Year	\$160,000	\$155,000	\$150,000	\$135,000	\$130,000	\$130,000
Key Employee – Officer Compensation (wages in excess of):		\$230,000	\$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)	\$160,000	\$155,000	\$150,000	\$150,000	\$150,000	\$150,000
Social Security Taxable Wage Base	Plan Year Beginning in	\$176,100	\$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	\$23,500	\$23,000	\$22,500	\$20,500	\$19,500	\$19,500
401(k) Plan – Standard Catch-up Contribution		\$7,500	\$7,500	\$7,500	\$6,500	\$6,500	\$6,500
401(k) Plan – Catch-up Attained Age: 60, 61, 62, 63		\$11,250	N/A	N/A	N/A	N/A	N/A
SIMPLE-IRA – Base Maximum		\$16,500	\$16,000	\$15,500	\$14,000	\$13,500	\$13,500
SIMPLE-IRA – Catch-up Contribution		\$3,500	\$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
Maximum Considered Compensation**	\$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).
Participant Contribution Limit in a 401(k), Profit Sharing, or Other DC Plan (IRC §415)	The lesser of: <ul style="list-style-type: none"> \$70,000; or 100% of compensation 	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"> 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) 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). <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>
Participant Deferral Basic Deferral Limit	\$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.
Participant Deferral Catch-up Contributions	\$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.
Highly Compensated Employee (HCE) (uses <u>prior year's</u> HCE limit)	<ul style="list-style-type: none"> More than \$160,000 in the prior plan year (2024); or More-than-5% direct or indirect owner-employee 	HCE determination using the dollar threshold is based on compensation paid in the prior plan year (using prior year's limit). Indirect owners are certain relatives of owners (e.g., spouse, child, parent, etc.).	<ol style="list-style-type: none"> A participant who makes \$140,000 in the 2025 plan year but made more than \$160,000 in 2024 (the prior plan year) <u>is</u> an HCE in the 2025 plan year. 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.
Key Employee	<ul style="list-style-type: none"> A more-than-5% owner of the company Certain relatives of the above (e.g., spouse, children, grandparents) An officer with compensation greater than \$230,000 in the prior plan year. A more-than-1% owner with compensation greater than \$150,000 in prior plan year. 	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"> 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. 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. An officer of the company with no ownership with compensation greater than \$230,000 in the prior plan year is a Key Employee and also a HCE.
Defined Benefit Maximum Annual Benefit At Retirement (IRC §415)	The lesser of: <ul style="list-style-type: none"> \$280,000; or 100% of the average of the highest three consecutive year annual compensation. 	This is the annual benefit payable at retirement 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"> 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. 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.

* 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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