

IRS Announces 2021 Qualified Retirement Plan Limits

October 27, 2020

The IRS recently announced cost-of-living adjustments for 2021. Below is a list of some of the key annual limits that will apply to qualified retirement plans in 2021:

- Compensation limit used in calculating a participant's benefit accruals: increased to \$290,000.
- Elective deferrals to 401(k) and 403(b) plans: remains unchanged at \$19,500.
- Annual additions to a defined contribution plan: increased to \$58,000.
- Catch-up contributions for employees aged 50 and over to 401(k) and 403(b) plans: remains unchanged at \$6,500.
- Annual benefit limit for a defined benefit plan: remains unchanged at \$230,000.
- Compensation dollar limit for defining a "key employee" in a top heavy plan: remains unchanged at \$185,000.
- Compensation dollar limit for defining a "highly compensated employee": remains unchanged at \$130,000.

View the full list of 2021 plan limits in Notice 2020-79 [here](#).