IRS Announces New 2025 Qualified Retirement Plan Limits

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The IRS recently announced the following cost-of-living adjusted limits for qualified retirement plans in 2025:

- Annual compensation limit used in calculating a participant's benefit accruals: increased to $350,000.
- Elective deferrals to Code Section 401(k) and 403(b) plans: increased to $23,500.
- Annual additions to a defined contribution plan: increased to $70,000.
- Catch-up contributions for employees aged 50 and over to Code Section 401(k) and 403(b) plans: remains unchanged at $7,500.
- Annual benefit limit for a defined benefit plan: increased to $280,000.
- Compensation dollar limit for defining a "key employee" in a top heavy plan: increased to $230,000.
- Compensation dollar limit for defining a "highly compensated employee": increased to $160,000.

The above and other 2025 plan limits are available in Notice 2024-80.

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