

Insights

IRS RELEASES 2023 ADJUSTED QUALIFIED PLAN LIMITATIONS

Oct 26, 2022

The Internal Revenue Service released the cost-of-living adjusted qualified retirement plan and welfare plan limitations effective January 1, 2023. For ease of reference and comparison to prior years, we have placed the adjusted limitations in the table below. For more information, refer to [IRS Notice 2022-55](#), [Rev. Proc. 2022-24](#), [Rev. Proc. 2022-38](#), and the Social Security Administration’s [2023 Cost-of-Living Adjustment Fact Sheet](#).

Annually Adjusted Limitations					
Type of Limitation	2023	2022	2021	2020	2019
Elective Deferrals (401(k), 403(b), 457(b)(2) and 457(c)(1))	\$22,500	\$20,500	\$19,500	\$19,500	\$19,000
Section 414(v) Catch-Up Deferrals to 401(k), 403(b), 457(b), or SARSEP Plans (457(b)(3) and 402(g) provide separate catch-up rules)	\$7,500	\$6,500	\$6,500	\$6,500	\$6,000
SIMPLE Salary Deferral	\$15,500	\$14,000	\$13,500	\$13,500	\$13,000
SIMPLE 401(k) or regular SIMPLE plans, Catch-Up Deferrals	\$3,500	\$3,000	\$3,000	\$3,000	\$3,000
415 limit for Defined Benefit Plans	\$265,000	\$245,000	\$230,000	\$230,000	\$225,000
415 limit for Defined Contribution Plans	\$66,000	\$61,000	\$58,000	\$57,000	\$56,000
Annual Compensation Limit	\$330,000	\$305,000	\$290,000	\$285,000	\$280,000

Highly Compensated Employee 414(q)(1)(B)	\$150,000	\$135,000	\$130,000	\$130,000	\$125,000
Key employee in top heavy plan (officer)	\$215,000	\$200,000	\$185,000	\$185,000	\$180,000
Annual Compensation Limit for Grandfathered Participants in Governmental Plans Which Followed 401(a) (17) Limits (With Indexing) on July 1, 1993	\$490,000	\$450,000	\$430,000	\$425,000	\$415,000
ESOP Maximum balance	\$1,330,000	\$1,230,000	\$1,165,000	\$1,150,000	\$1,130,000
Amount for Lengthening of 5-Year ESOP Period	\$265,000	\$245,000	\$230,000	\$230,000	\$225,000
Taxable Wage Base	\$160,200	\$147,000	\$142,800	\$137,700	\$132,900
IRAs for individuals 49 and below	\$6,500	\$6,000	\$6,000	\$6,000	\$6,000
IRAs for individuals 50 and above	\$7,500	\$7,000	\$7,000	\$7,000	\$7,000
FICA Tax for employees and employers	7.65%	7.65%	7.65%	7.65%	7.65%
Social Security Component	6.2%	6.2%	6.2%	6.2%	6.2%
Medicare Component	1.45%	1.45%	1.45%	1.45%	1.45%
Health Savings Account Limit (plus additional \$1,000 catch-up contribution)	\$3,850/single \$7,750/family	\$3,650/single \$7,300/family	\$3,600/single \$7,200/family	\$3,550/single \$7,100/family	\$3,500/single \$7,000/family
Health Flexible Spending Account Limit	\$3,050	\$2,850	\$2,750	\$2,750	\$2,700
Health Flexible Spending Account Optional Carryover Limit ^[1]	\$610	\$570	\$550	\$550	\$500
Dependent Care	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000

Flexible Spending Account Limit (subject to earned income limits) ^[2]	(\$2,500 married filing separately)	(\$2,500 married filing separately)	(\$2,500 married filing separately)	(\$2,500 married filing separately)	(\$2,500 married filing separately)
Additional Medicare Tax Withholding	.9% of comp >\$200,000	.9% of comp >\$200,000	.9% of comp >\$200,000	.9% of comp >\$200,000	.9% of comp >\$200,000

[1] See [IRS Notice 2021-15](#) for special rules for plan years ending in 2020 and 2021.

[2] See [IRS Notice 2021-26](#) for special rules for 2021.

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