

Ferenczy FlashPoint:

IRS Announces 2023 Cost of Living Adjustments to Various Retirement Plan Limits

The IRS just released the cost-of-living adjustments for various retirement plan limitations that will take effect on January 1, 2023. The current rate of inflation has served to increase most of the rates substantially. The limits that increased for 2023 are shown below in **blue bold italics**, and include, for the first time in several years, the catch-up contribution limit. The 2023 and prior years' limits are as follows:

Limit Type	For Calendar Year			
	2023	2022	2021	2020
Maximum DB Plan Benefit (IRC §415(b)) <i>(applies to limitation years ending in indicated year)</i>	<i>\$265,000</i>	\$245,000	\$230,000	\$230,000
Max DC Annual Addition (IRC §415(c)) <i>(applies to limitation years ending in indicated year)</i>	<i>\$66,000</i>	\$61,000	\$58,000	\$57,000
Salary Deferral Limit (IRC §402(g))	<i>\$22,500</i>	\$20,500	\$19,500	\$19,500
Catch-up Limit for 401(k), 403(b), 457 plans <i>(applies to calendar year)</i>	<i>\$7,500</i>	\$6,500	\$6,500	\$6,500
HCE Compensation <i>(applies to lookback years in indicated year)</i>	<i>\$150,000</i>	\$135,000	\$130,000	\$130,000
Max Plan Compensation for Retirement Plan Purposes (IRC §401(a)(17)) <i>(applies to plan years beginning in indicated year)</i>	<i>\$330,000</i>	\$305,000	\$290,000	\$285,000
Key Employee: Officer	<i>\$215,000</i>	\$200,000	\$185,000	\$185,000
Key Employee: 1% Owner	\$150,000	\$150,000	\$150,000	\$150,000
Social Security Taxable Wage Base for OASDI Contributions	<i>\$160,200</i>	\$147,000	\$142,800	\$137,700
457(b) Contribution Limit	<i>\$22,500</i>	\$20,500	\$19,500	\$19,500
SIMPLE Salary Deferral Limit	<i>\$15,500</i>	\$14,000	\$13,500	\$13,500
SIMPLE Catch-up Limit	<i>\$3,300</i>	\$3,000	\$3,000	\$3,000
IRA Contribution Limit	<i>\$6,500</i>	\$6,000	\$6,000	\$6,000
SEP Threshold	<i>\$750</i>	\$650	\$650	\$600
ESOP: 5-year Distribution Factor	<i>\$265,000</i>	\$245,000	\$230,000	\$230,000
ESOP: Account Balance	<i>\$1,330,000</i>	\$1,230,000	\$1,165,000	\$1,150,000
Premiums for QLACs	<i>\$155,000</i>	\$145,000	\$135,000	\$135,000

We wish all of you a healthy and prosperous 2023! If you have any questions, please let us know. Remember: we are your ERISA solution!