

# IRS Announces 2023 Retirement Plan Limits



The Internal Revenue Service (IRS) has released **Notice 2022-55**, containing cost-of-living adjustments for 2023 that affect amounts employees can contribute to 401(k) plans and individual retirement accounts (IRAs).

## 2023 INCREASES

The employee contribution limit for 401(k) plans in 2023 has **increased to \$22,500**, up from \$20,500 for 2022. Other key limit increases include the following:

- + The employee contribution limit for IRAs is **increased to \$6,500**, up from \$6,000.
- + The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans and the federal government's Thrift Savings Plan is **increased to \$7,500**, up from \$6,500.
- + The employee contribution limit for SIMPLE IRAs and SIMPLE 401(k) plans is **increased to \$15,500**, up from \$14,000.
- + The limits used to define a "highly compensated employee" and a "key employee" are **increased to \$150,000** (up from \$135,000) and **\$215,000** (up from \$200,000), respectively.
- + The annual limit for defined contribution plans (for example, 401(k) plans, profit-sharing plans and money purchase plans) is **increased to \$66,000**, up from \$61,000.
- + The annual compensation limit (applicable to many retirement plans) is **increased to \$330,000**, up from \$305,000.

The income ranges for determining eligibility to make deductible contributions to traditional IRAs, contribute to Roth IRAs and claim the Saver's Credit (also known as the Retirement Savings Contributions Credit) also increased for 2023. The **IRS's news release** contains more details.

## IMPORTANT DATES

### October 21, 2022

The IRS released the 2023 retirement plan limits.

### January 1, 2023

The effective date of the 2023 retirement plan limits.

The amount individuals can contribute to their 401(k) plans in 2023 has increased to **\$22,500**.

This material is for general information only and should not be considered as a substitute for legal, medical, tax and/or actuarial advice. Contact the appropriate professional counsel for such matters. These materials are not exhaustive and are subject to possible changes in applicable laws, rules, and regulations and their interpretations.

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CT-LI-KPD-B-102822

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