

Client Alert

November 2024

IRS Announces 2025 Retirement Plan And Other Benefit Limitations

The Internal Revenue Service recently announced the new inflation adjusted dollar limitations for retirement plan contributions and benefits beginning January 1, 2025. Many of the limits have gone up, which will enhance the value of many employee benefit plans. The adjusted limits are listed below.

LIMITATION	2025 AMOUNT	2024 AMOUNT
Basic Elective Deferral Limitation for 401(k), 403(b) and 457(b) Plans	\$23,500	\$23,000
Catch-up Contribution Limit for Individuals Ages 50 through 59 and 64 and Older to 401(k), 403(b) or SARSEP Plans, and Governmental 457 Plans	\$7,500	\$7,500
“Super” Catch-Up Contribution Limit for Individuals who attain age 60, 61, 62, or 63 in 2025 to 401(k), 403(b), and Governmental 457 Plans	\$11,250	N/A
Limitation on Annual Additions to a Defined Contribution Plan ¹	\$70,000	\$69,000
Limitation on Annual Benefits from a Defined Benefit Plan ²	\$280,000	\$275,000
Maximum Annual Compensation taken into account for determining benefits or contributions to a qualified plan	\$350,000	\$345,000
Highly Compensated Employee Compensation Threshold ³	\$160,000	\$155,000
Key Employee: Officer	\$230,000	\$220,000
Key Employee: 1% Owner	\$150,000	\$150,000
Social Security Taxable Wage Base	\$176,100	\$168,600
IRA/Roth IRA Contribution Limit	\$7,000	\$7,000
Health Savings Accounts:		
• Individual Contribution Limit	\$4,300	\$4,150
• Family Contribution Limit	\$8,550	\$8,300
• Catch-up Contributions	\$1,000	\$1,000
Health Flexible Spending Accounts ⁴	\$3,300	\$3,200

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Employee Benefits

Our Employee Benefits Practice Group can help you to understand how these new limits may affect your plans and whether new benefit structures may be available for you and your companies.

Please contact the Olshan attorney with whom you regularly work or the Practice Group Leader, Stephen Ferszt, if you would like to discuss further or have questions.

¹ In no event may annual additions exceed 100% of a participant's compensation.

² In no event may a participant's annual benefit exceed 100% of the participant's average compensation for the participant's highest three consecutive years.

³ Generally, an employee is considered "highly compensated" if the employee:

(a) was a five-percent owner of the employer at any time during the current or preceding year; or

(b) received compensation from the employer in the preceding year of more than the applicable dollar limit for that year.

⁴ This limit applies only to voluntary employee salary reduction (pre-tax) contributions.

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