

Plan Limits

The Internal Revenue Service imposes specific limitations on retirement plan compensation, allocations and funding. These limitations may be adjusted each year for the cost of living increases or decreases. The following table outlines the limitations for 2019 and 2020.

<i>What is being Limited?</i>	<i>What is it?</i>	<i>Is this a calendar or plan year limit?</i>	<i>2024 Limit</i>	<i>2025 Limit</i>
Plan Compensation Limit	This is the maximum compensation that can be considered when allocating Employer and Employee contributions. This limit is also considered when performing certain discrimination tests.	Plan Year (use limit in effect at the beginning of the plan year)	\$345,000	\$350,000
401(k) Deferral Limit	This is the maximum deferral amount that an individual participant may defer.	Calendar Year	\$23,000	\$23,500
401(k) Catch-up Limit	For participants age 50 and older this is the maximum additional amount that an individual may defer.	Calendar Year	\$7,500	\$7,500 \$11,250 (for ages 60-63)
Annual Addition Limit	This is the maximum allocation limit that an individual participant may receive in a plan year from all money types. If applicable, this limit may be increased by any Catch-up contributions made in addition to the maximum 401(k) limit.	Plan Year (use the limit in effect at the end of the plan year)	Lesser of \$69,000 or 100% of compensation	Lesser of \$70,000 or 100% of compensation
Highly Compensated Employee (HCE)	This is the annual compensation used to determine who will be considered a Highly Compensated Employee for the following plan year. Please note that 5% owners and their lineal dependents are always considered HCE's.	Plan Year	\$155,000	\$160,000
Key Employee	This is the annual compensation used to determine who will be considered a Key Employee for the year. The participant must also be considered an officer of the company. Please note that 1% owners earning over \$150,000 and 5% owners and their lineal dependents are always considered Key Employees.	Plan Year	\$220,000	\$230,000
Taxable Wage Base	This is the amount that is used in allocating an Employer Profit Sharing contribution if the plan allows for Permitted Disparity or Integration. This amount can be adjusted based on the Integration formula used.	Plan Year (use the limit in effect at the end of the plan year)	\$168,600	\$176,100