

IRS and Social Security Compensation, Tax, and Benefit Limits	2023	2022	Change
<p>Defined Benefit Maximum Annual Pension Benefit The maximum annual benefit that can be accrued by an individual at his social security normal retirement age in a qualified defined benefit plan is the lesser of this limit or 100% of the highest consecutive 3-year average of compensation as a plan participant (IRC §415(b)(1)(A)).</p>	\$265,000	\$245,000	+ \$20,000
<p>Defined Contribution Maximum Annual Addition The maximum amount that can be contributed on behalf of an individual to one or more qualified defined contribution plans in a given year is the lesser of this limit or 100% of compensation for the year (IRC §415(c)(1)(A)).</p>	\$66,000	\$61,000	+ \$5,000
<p>Maximum Compensation Limit for Qualified Plans This is the maximum annual compensation that can be taken into account for a defined benefit, defined contribution or simplified employee pension plan (IRC §§401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii)).</p>	\$330,000	\$305,000	+\$25,000
<p>Highly Compensated Employee A 5% owner at any salary or an employee receiving compensation in excess of this limit for the prior plan year is considered a highly compensated employee under IRC §414(q)(1)(B).</p>	\$150,000	\$135,000	+ \$15,000
<p>Social Security Taxable Wage Base Social Security taxes are paid for compensation up to this limit. Medicare taxes are paid on all compensation.</p>	\$160,000	\$147,000	+ \$13,000
<p>Key Employee - Officer Compensation The definition of a key employee is any 5% owner, and any officer with compensation over \$215,000.</p>	\$215,000	\$200,000	+ \$15,000
<p>Maximum Elective Deferral – 401(k), 403(b), 457(b) This is the maximum elective deferral that participants can make in a calendar year to plans described in IRC §402(g)(1). This refers to contributions made by the employer on behalf of the employee under a cash or deferred arrangement described in IRC §401(k), contributions to an IRA under a simplified employee pension plan described in IRC §408(k) and salary reduction agreements (or tax deferred annuities) described in IRC §403(b). The maximum elective deferral which can be made to a SIMPLE 401(k) Plan described in IRC §408(p) is \$15,500 in 2023.</p>	\$22,500	\$20,500	+ \$2,000
<p>Age 50 or older - Catch Up Contributions – 401(k), 403(b), 457(b) Catch-up contributions are available to employees age 50 or older by the end of the year. Catch-up contributions are not subject to any other contribution limits or nondiscrimination testing.</p> <p>NOTE: To be considered catch-up contributions the contributions must exceed some Code or plan limit.</p>	\$7,500	\$6,500	+ \$1,000



IRS Contribution & Income Limits

	2023	2022
Defined Benefit Maximum Annual Benefit	\$265,000	\$245,000
Defined Contribution Maximum Annual Addition	\$66,000	\$61,000
Maximum Compensation Limit for Qualified Plans	\$330,000	\$305,000
Highly Compensated Employee	\$150,000	\$135,000
Social Security Taxable Wage Base	\$160,200	\$147,000
Key Employee - Officer Compensation	\$215,000	\$200,000
Deferrals – 401(k), 403(b), 457(b), SARSEP	\$22,500	\$20,500
Catch-up – 401(k), 403(b), 457(b), SARSEP	\$7,500	\$6,500

SOURCE: IRS Notice 2022-55



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