

Insights

IRS RELEASES 2023 ADJUSTED QUALIFIED PLAN LIMITATIONS

Oct 26, 2022

The Internal Revenue Service released the cost-of-living adjusted qualified retirement plan and welfare plan limitations effective January 1, 2023. For ease of reference and comparison to prior years, we have placed the adjusted limitations in the table below. For more information, refer to [IRS Notice 2022-55](#), [Rev. Proc. 2022-24](#), [Rev. Proc. 2022-38](#), and the Social Security Administration's [2023 Cost-of-Living Adjustment Fact Sheet](#).

| Annually Adjusted Limitations | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| Type of Limitation | 2023 | 2022 | 2021 | 2020 | 2019 |
| Elective Deferrals (401(k), 403(b), 457(b) (2) and 457(c)(1)) | \$22,500 | \$20,500 | \$19,500 | \$19,500 | \$19,000 |
| Section 414(v) Catch- Up Deferrals to 401(k), 403(b), 457(b), or SARSEP Plans (457(b) (3) and 402(g) provide separate catch-up rules) | \$7,500 | \$6,500 | \$6,500 | \$6,500 | \$6,000 |
| SIMPLE Salary Deferral | \$15,500 | \$14,000 | \$13,500 | \$13,500 | \$13,000 |
| SIMPLE 401(k) or regular SIMPLE plans, Catch-Up Deferrals | \$3,500 | \$3,000 | \$3,000 | \$3,000 | \$3,000 |
| 415 limit for Defined Benefit Plans | \$265,000 | \$245,000 | \$230,000 | \$230,000 | \$225,000 |
| 415 limit for Defined Contribution Plans | \$66,000 | \$61,000 | \$58,000 | \$57,000 | \$56,000 |
| Annual Compensation Limit | \$330,000 | \$305,000 | \$290,000 | \$285,000 | \$280,000 |

| | | | | | |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Highly Compensated Employee 414(q)(1)(B) | \$150,000 | \$135,000 | \$130,000 | \$130,000 | \$125,000 |
| Key employee in top heavy plan (officer) | \$215,000 | \$200,000 | \$185,000 | \$185,000 | \$180,000 |
| Annual Compensation Limit for Grandfathered Participants in Governmental Plans Which Followed 401(a) (17) Limits (With Indexing) on July 1, 1993 | \$490,000 | \$450,000 | \$430,000 | \$425,000 | \$415,000 |
| ESOP Maximum balance | \$1,330,000 | \$1,230,000 | \$1,165,000 | \$1,150,000 | \$1,130,000 |
| Amount for Lengthening of 5-Year ESOP Period | \$265,000 | \$245,000 | \$230,000 | \$230,000 | \$225,000 |
| Taxable Wage Base | \$160,200 | \$147,000 | \$142,800 | \$137,700 | \$132,900 |
| IRAs for individuals 49 and below | \$6,500 | \$6,000 | \$6,000 | \$6,000 | \$6,000 |
| IRAs for individuals 50 and above | \$7,500 | \$7,000 | \$7,000 | \$7,000 | \$7,000 |
| FICA Tax for employees and employers | 7.65% | 7.65% | 7.65% | 7.65% | 7.65% |
| Social Security Component | 6.2% | 6.2% | 6.2% | 6.2% | 6.2% |
| Medicare Component | 1.45% | 1.45% | 1.45% | 1.45% | 1.45% |
| Health Savings Account Limit (plus additional \$1,000 catch-up contribution) | \$3,850/single \$7,750/family | \$3,650/single \$7,300/family | \$3,600/single \$7,200/family | \$3,550/single \$7,100/family | \$3,500/single \$7,000/family |
| Health Flexible Spending Account Limit | \$3,050 | \$2,850 | \$2,750 | \$2,750 | \$2,700 |
| Health Flexible Spending Account Optional Carryover Limit ^[1] | \$610 | \$570 | \$550 | \$550 | \$500 |
| Dependent Care | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |

| | | | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Flexible Spending Account Limit (subject to earned income limits) ^[2] | (\$2,500 married filing separately) | (\$2,500 married filing separately) | (\$2,500 married filing separately) | (\$2,500 married filing separately) | (\$2,500 married filing separately) |
| Additional Medicare Tax Withholding | .9% of comp >\$200,000 | .9% of comp >\$200,000 | .9% of comp >\$200,000 | .9% of comp >\$200,000 | .9% of comp >\$200,000 |

[1] See [IRS Notice 2021-15](#) for special rules for plan years ending in 2020 and 2021.

[2] See [IRS Notice 2021-26](#) for special rules for 2021.

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MEET THE TEAM



Stephen J. Evans

St. Louis

steve.evans@bclplaw.com

[+1 314 259 2387](tel:+13142592387)

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