

## IRS Benefit Plan Limits for 2023

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On October 21 2022, the Internal Revenue Service released [Notice 2022-55](#), announcing cost-of-living adjustments that affect contribution limits for retirement plans and retirement accounts in 2023. The list below, though not exhaustive, highlights key changes that retirement plan sponsors should be aware of, as well as several limitations that remain unchanged from 2022:

- The elective deferral limit is increasing from \$20,500 to \$22,500.
- The catch-up contribution limit for employees ages 50 is increasing to \$7,500 up from \$6,500.
- The aggregate contribution limit for defined contribution plans is increasing from \$61,000 to \$66,000.
- The annual compensation limit used to calculate contributions is increasing from \$305,000 to \$330,000.
- The limitation on the annual benefit under a defined benefit is increasing from \$245,000 to \$265,000. (For a participant who separated from service *before* January 1, 2023, the limitation for defined benefit plans under Section 415(b)(1)(B) can be computed by multiplying the participant's compensation limitation, as adjusted through 2022, by 1.0833.)
- The dollar limit used in the definition of "key employee" in a top-heavy retirement plan is increasing from \$200,000 to \$215,000.
- The dollar limit used in the definition of "highly compensated employee" is increasing from \$135,000 to \$150,000.

The table below displays 2022 and 2023 limits for a host of tax breaks:

401(k) Plan Limits for Plan Year	2022 Limit	2023 Limit
401(k) elective deferral limit <sup>1</sup>	\$20,500	\$22,500
Catch-up contribution <sup>2</sup>	\$6,500	\$7,500
Defined contribution dollar limit	\$61,000	\$66,000
Compensation limit <sup>3</sup>	\$305,000	\$330,000
Highly compensated employee income limit	\$135,000	\$150,000
Key employee officer limit	\$200,000	\$215,000
<b>Non-401(k) Limits</b>		
403(b) elective deferral limit <sup>1</sup>	\$20,500	\$22,500
Defined benefit dollar limit	\$245,000	\$265,000
457 employee deferral limit	\$20,500	\$22,500

<b>SEP and SIMPLE IRA Limits</b>	<b>2022 Limit</b>	<b>2023 Limit</b>
SEP minimum compensation	\$650	\$750
SEP maximum compensation	\$305,000	\$330,000
SIMPLE contribution limit	\$14,000	\$15,500
SIMPLE catch-up contribution <sup>2</sup>	\$3,000	\$3,500
<b>IRA and Roth Limits</b>		
IRA and Roth contribution limit	\$6,000	\$6,500
Catch-up contribution <sup>2</sup>	\$1,000	\$1,000

<sup>1</sup> Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit.

<sup>2</sup> Contributors must be age 50 or older during the calendar year.

<sup>3</sup> All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.

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