

Publications

IRS Releases Updated Retirement Plan Annual Limits and Includes Unexpected Increase

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Jennifer Bibart Dunsizer
Christine M. Poth

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The IRS released the cost-of-living adjustments for qualified defined contribution plans for the 2026 tax year ([IRS Notice 2025-67](#)).

The following chart summarizes the key increases applicable to defined contribution plans for 2026:

2026

2025

Defined contribution plan limit

\$72,000

\$70,000

Elective deferral limit (401(k), 403(b), and 457(b))

\$24,500

\$23,500

Catch-up contributions (Age 50+)

\$8,000

\$7,500

Super catch contributions (age 60-63)

\$11,250

\$11,250

Roth catch-up wage threshold for 2025

\$150,000

Annual compensation limit

\$360,000

\$350,000

Unexpected by many employers, the IRS changed the Roth catch-up contribution FICA wage threshold for 2025 (used to determine the limited status for 2026) from \$145,000 to \$150,000. This means that employers must use the \$150,000 FICA wage threshold to determine who is not eligible to receive pre-tax catch-up contributions for 2026 (i.e., who is a catch-up limited person). Any employee who had box 3 wages in excess of \$150,000 for 2025 must make any age 50 catch-up contributions as Roth rather than pre-tax.

Most employers had not expected this limit to be increased, since 2026 is the first year that the provision is being implemented. Employers should ensure that they are using the updated wage limit when applying the Roth catch-up mandate.

If you want to see the inflation adjusted limits for welfare benefits, [click here](#).

If you want to see the inflation adjusted limits for retirement benefits, [click here](#).