

Alert

What Are the Retirement Plan Dollar Limits for 2022?

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The Secretary of the Treasury announced today the 2022 limits for qualified retirement plans and IRAs based on cost of living increases. The Consumer Price Index for all Urban Consumers is the benchmark used to determine the index. With a cost-of-living increase of 5.9% (the largest cost-of-living increase since 1982), most of the dollar limits are increasing for 2022 as noted in the table on page 2.

IRS Notice 2021-61 sets forth the annual dollar limitations on benefits and contributions on qualified plans, effective Jan. 1, 2022, as required under Section 415(d) of the Internal Revenue Code. For 2022, the cap on employee deferrals increases to \$20,500 and the annual additions limit for 401(k), 403(b) and other defined contribution plans increases to \$61,000. Highly compensated employees will have a greater amount of their compensation allocated to a qualified plan with the increase of the compensation cap from \$290,000 to \$305,000.

Employers and Plan Sponsors of qualified retirement plans should communicate these limits for 2022 to plan participants. We are available to advise you on updating your enrollment materials, summary plan descriptions, employee handbooks and other employee communications. If you have any questions about the new limits or any other employee benefit matters, please feel free to contact one of the authors.

See the Contribution Limits in the table on page 2.

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IRS LIMITS	Internal Revenue Code Section	2020	2021	2022
Elective Deferral Limit for 401(k), 403(b) and 457(b) plans	§ 402(g)(1) § 457(e)(15)	\$19,500	\$19,500	\$20,500
Catch-Up Contribution Limit For Age 50+	§ 414(v)(2)(B)(i)	\$6,500	\$6,500	\$6,500
Annual Compensation Limit for qualified plans	§ 401(a)(17), § 404(l), § 408(k)(3)(C)	\$285,000	\$290,000	\$305,000
Defined Contribution Plan Limit on Annual Additions	§ 415(c)(1)(A)	\$57,000	\$58,000	\$61,000
Highly Compensated Employee Limit	§ 414(q)(1)(B)	\$130,000	\$130,000	\$135,000
Defined Benefit Plan Maximum Annual Benefit	§ 415(b)(1)(A)	\$230,000	\$230,000	\$245,000
Key Employee Limit for top heavy purposes	§ 416(i)(1)(A)(i)	\$185,000	\$185,000	\$200,000
IRA Contributions	§ 219(b)(5)(A), (D)	\$6,000	\$6,000	\$6,000
IRA Catch-up Contribution Limit For Age 50+	§ 219(b)(5)(B)	\$1,000	\$1,000	\$1,000
Social Security Taxable Wage Base	OASDI	\$137,700	\$142,800	\$147,000
FICA tax for employers and employees	7.65%	7.65%	7.65%	7.65%
Social Security tax for employers and employees	6.2%	6.2%	6.2%	6.2%
Medicare tax for employers and employees	1.45%	1.45%	1.45%	1.45%
Medicare surcharge tax above threshold	0.9%	0.9%	0.9%	0.9%

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