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Retirement Planning Key Numbers

Certain retirement plan and IRA limits are indexed for inflation each year, and 2023 saw record increases in many figures. Some of the key numbers are listed below, with the corresponding limit for 2022. (The source for the 2023 numbers is IRS Notice 2022-55.)

Elective deferral limits	**2022**	**2023**
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs[1] (includes Roth contributions)	Lesser of $20,500 or 100% of participant's compensation ($27,000 if age 50 or older)[2]	Lesser of $22,500 or 100% of participant's compensation ($30,000 if age 50 or older)[2]
SIMPLE 401(k) plans and SIMPLE IRA plans[1]	Lesser of $14,000 or 100% of participant's compensation ($17,000 if age 50 or older)	Lesser of $15,500 or 100% of participant's compensation ($19,000 if age 50 or older)

IRA contribution limits	**2022**	**2023**
Traditional and Roth IRAs	Lesser of $6,000 or 100% of earned income ($7,000 if age 50 or older)	Lesser of $6,500 or 100% of earned income ($7,500 if age 50 or older)

Defined benefit plan annual benefit limits	**2022**	**2023**
Annual benefit limit per participant	Lesser of $245,000 or 100% of average compensation for highest three consecutive years	Lesser of $265,000 or 100% of average compensation for highest three consecutive years

Defined contribution plan limits [qualified plans, 403(b) plans, and SEP plans]	**2022**	**2023**
Annual addition limit per participant (employer contributions; employee pre-tax, after-tax, and Roth contributions; and forfeitures)	Lesser of $61,000 or 100% (25% for SEP) of participant's compensation	Lesser of $66,000 or 100% (25% for SEP) of participant's compensation

[1] Must aggregate employee deferrals to all 401(k), 403(b), SAR-SEP, and SIMPLE plans of all employers; 457(b) contributions are not aggregated. For SAR-SEPs, the percentage limit is 25% of compensation reduced by elective deferrals (effectively a 20% maximum contribution).

[2] Special catch-up limits may also apply to 403(b) and 457(b) plan participants.

Retirement plan compensation limits	2022	2023
Maximum compensation per participant that can be used to calculate tax-deductible employer contribution (qualified plans/SEPs)	$305,000	$330,000
Compensation threshold used to determine a highly compensated employee	$135,000 (when 2022 is the look-back year)	$150,000 (when 2023 is the look-back year)
Compensation threshold used to determine a key employee in a top-heavy plan	$1 for more-than-5% owners $200,000 for officers $150,000 for more-than-1% owners	$1 for more-than-5% owners $215,000 for officers $150,000 for more-than-1% owners
Compensation threshold used to determine a qualifying employee under a SIMPLE plan	$5,000	$5,000
Compensation threshold used to determine a qualifying employee under a SEP plan	$650	$750

Income phaseout range for determining deductibility of traditional IRA contributions for taxpayers:	2022	2023
1. Covered by an employer-sponsored plan and filing as:		
Single/Head of household	$68,000 - $78,000	$73,000 - $83,000
Married filing jointly	$109,000 - $129,000	$116,000 - $136,000
Married filing separately	$0 - $10,000	$0 - $10,000
2. Not covered by an employer-sponsored retirement plan, but filing joint return with a spouse who is covered by a plan	$204,000 - $214,000	$218,000 - $228,000

Income phaseout range for determining ability to fund a Roth IRA for taxpayers filing as:	2022	2023
Single/Head of household	$129,000 - $144,000	$138,000 - $153,000
Married filing jointly	$204,000 - $214,000	$218,000 - $228,000
Married filing separately	$0 - $10,000	$0 - $10,000

IMPORTANT DISCLOSURES

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