



## Flashpoint: IRS Announces 2022 Cost of Living Adjustments to Various Retirement Plan Limits

The IRS just released the cost of living adjustments for various retirement plan limitations that will take effect on January 1, 2022. The Social Security Administration has issued the largest jump in 40 years for 2022. Equally, with the increase in inflation, the IRS bumped up a number of other key limits for 2022. The key limits that increased (shown below in ***bold italics***) include the compensation that is taken into account for plan purposes, the total amount that can be contributed on behalf of any participant in a defined contribution (including 401(k)) plan, and the Social Security Taxable Wage Base. The 2022 and prior year limits are as follows:

	For Calendar Year	
	2021	2022
<b>Maximum Defined Benefit Plan Benefit</b> (IRC §415(b)) ( <i>applies to limitation years ending in indicated year</i> )	\$230,000	<b><i>\$245,000</i></b>
<b>Maximum Defined Contribution Annual Addition</b> (IRC §415(c)) ( <i>applies to limitation years ending in indicated year</i> )	\$58,000	<b><i>\$61,000</i></b>
<b>Salary Deferral Limit</b> (IRC §402(g))	\$19,500	<b><i>\$20,500</i></b>
<b>Catch-up Limit</b> for 401(k), 403(b), 457 plans ( <i>applies to calendar year</i> )	\$6,500	\$6,500
<b>HCE Compensation</b> ( <i>applies to lookback years in indicated year</i> )	\$130,000	<b><i>\$135,000</i></b>

<b>Maximum Compensation for Retirement Plan Purposes</b> (IRC §401(a)(17)) ( <i>applies to plan years <u>beginning</u> in indicated year</i> )	\$290,000	<b>\$305,000</b>
<b>Key Employee: Officer</b>	\$185,000	<b>\$200,000</b>
<b>Key Employee: 1% Owner</b>	\$150,000	\$150,000
<b>Social Security Taxable Wage Base for OASDI Contributions</b>	\$142,800	<b>\$147,000</b>
<b>457(b) Contribution Limit</b>	\$19,500	<b>\$20,500</b>
<b>SIMPLE Salary Deferral Limit</b>	\$13,500	<b>\$14,000</b>
<b>SIMPLE Catch-up Limit</b>	\$3,000	\$3,000
<b>IRA Contribution Limit</b>	\$6,000	\$6,000
<b>SEP Threshold</b>	\$650	\$650
<b>ESOP: 5-year Distribution Factor</b>	\$230,000	<b>\$245,000</b>
<b>ESOP: Account Balance</b>	\$1,165,000	<b>\$1,230,000</b>
<b>Premiums for QLACs</b>	\$135,000	<b>\$145,000</b>

We wish all of you a healthy and prosperous 2022! If you have any questions, please let us know. Remember: we are your ERISA solution!



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