

MEMO# 34321

October 25, 2022

IRS Announces Retirement Plan Limitations for 2023

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October 25, 2022 TO: ICI Members

Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension

Tax RE: IRS Announces Retirement Plan Limitations for 2023

The Internal Revenue Service has released annual cost of living and other adjustments applicable to dollar limitations for pension and retirement plans. The news release is available [here](#) and Notice 2022-55, which also contains the updated limits, is available [here](#). Notably, the elective deferral limit for participants in 401(k), 403(b) and most 457 plans increased from \$20,500 to \$22,500, and the catch-up contribution limit for those plans increased from \$6,500 to \$7,500. The contribution limit for IRAs increased from \$6,000 to \$6,500. Effective for tax year 2023, the dollar limitations include, but are not limited to, the following:

Limit 2022 2023 Defined benefit plan limit, IRC § 415(b)(1)(A) \$245,000 \$265,000 Defined contribution plan limit, IRC § 415(c)(1)(A) \$61,000 \$66,000 Annual compensation limit, IRC §§ 401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii) \$305,000 \$330,000 Limit used for definition of highly compensated employee, IRC § 414(q)(1) \$135,000 \$150,000 Elective deferral limit, IRC § 402(g) \$20,500 \$22,500 Deferral limit for state and local governments and tax-exempt organizations, IRC § 457(e)(15) \$20,500 \$22,500 SEP compensation amount, IRC § 408(k)(2)(C) \$650 \$750 SIMPLE contribution limit, IRC § 408(p)(2)(E) \$14,000 \$15,500 Catch-up contributions to qualified plans, 403(b) plans and 457 plans, IRC § 414(v)(2)(B)(i) \$6,500 \$7,500 Catch-up contributions to SIMPLE plans, IRC § 414(v)(2)(B)(ii) \$3,000 \$3,500 IRA contribution limit, IRC § 219(b)(5)(A) \$6,000 \$6,500 Catch-up contributions to IRAs, IRC § 219(b)(5)(B) (this amount is not adjusted for cost of living) \$1,000 \$1,000 QLAC premium limit, Treas. Reg. § 1.401(a)(9)-6, A-17(b)(2)(i) \$145,000 \$155,000

The Notice describes all plan limits for 2023 and provides updated income limits for determining (1) eligibility for the saver's credit (IRC § 25B(b)), (2) the deductible amount of a traditional IRA contribution (IRC § 219(g)), and (3) the maximum Roth IRA contribution (IRC § 408A(c)(3)(B)(ii)).

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