

MEMO# 35500

November 1, 2023

IRS Announces Retirement Plan Limitations for 2024

[35500]

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TO: ICI Members

Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension

Tax RE: IRS Announces Retirement Plan Limitations for 2024

The Internal Revenue Service (IRS) 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 2023-75, 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 \$22,500 to \$23,000 (the catch-up contribution limit for those plans remains at \$7,500). The contribution limit for IRAs increased from \$6,500 to \$7,000. Effective for tax year 2024, the dollar limitations include, but are not limited to, the following:

Limit

2023

2024

Defined benefit plan limit, IRC § 415(b)(1)(A) \$265,000 \$275,000 Defined contribution plan limit, IRC § 415(c)(1)(A) \$66,000 \$69,000 Annual compensation limit, IRC §§ 401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii) \$330,000 \$345,000 Limit used for definition of highly compensated employee, IRC § 414(q)(1) \$150,000 \$155,000 Elective deferral limit, IRC § 402(g) \$22,500 \$23,000 Deferral limit for state and local governments and tax-exempt organizations, IRC § 457(e)(15) \$22,500 \$23,000 SEP compensation amount, IRC § 408(k)(2)(C) \$750 \$750 SIMPLE contribution limit, IRC § 408(p)(2)(E) \$15,500 \$16,000 Catch-up contributions to qualified plans, 403(b) plans and 457 plans, IRC § 414(v)(2)(B)(i) \$7,500 \$7,500 Catch-up contributions to SIMPLE plans, IRC § 414(v)(2)(B)(ii) \$3,500 \$3,500 IRA contribution limit, IRC § 219(b)(5)(A) \$6,500 \$7,000 Catch-up contributions to IRAs, IRC § 219(b)(5)(B)[1] \$1,000 \$1,000 QLAC premium limit, Treas. Reg. § 1.401(a)(9)-6, A-17(b)(2)(i) \$200,000[2] \$200,000

The Notice describes all plan limits for 2024 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)).

Shannon Salinas
Associate General Counsel - Retirement Policy

Notes

[1] Section 108 of the SECURE 2.0 Act provides that this limit will be adjusted for cost of living, effective for taxable years beginning after December 31, 2023; however, there is no increase for 2024. For a summary of the SECURE 2.0 Act, see ICI Memorandum No. 34795, dated January 12, 2023, available at <https://www.ici.org/memo34795>.

[2] In Notice 2022-55, the IRS increased this limit to \$155,000 for 2023; however, section 202 of the SECURE 2.0 Act increased the limit to \$200,000, effective for contracts purchased or received in an exchange on or after December 29, 2022. For a summary of the SECURE 2.0 Act, see ICI Memorandum No. 34795, dated January 12, 2023, available at <https://www.ici.org/memo34795>.

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