

2025 Cost-of-Living Adjustments

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The IRS and Social Security Administration have announced the 2025 cost-of-living adjustments for retirement plans.

Here are some of the more significant limitations affecting employee benefit plans:

- The maximum amount that may be deferred under 401(k), 403(b) and 457(b) plans, not including catch-up deferrals, under Internal Revenue Code Section 402(g) limit, is increased from \$23,000 to \$23,500.
- The IRC Section 415 maximum annual benefit under a defined benefit plan is increased by \$5,000 to \$280,000.
- The IRC Section 415 maximum annual additions under a defined contribution plan will be increased by \$1,000 to \$70,000, subject to the overall limitation of 100% of compensation.
- The highly compensated employee threshold dollar limit is increased to \$160,000.
- The maximum amount of compensation that may be considered for benefit purposes under a qualified plan will be increased from the current limit of \$345,000 to \$350,000.
- The catch-up deferrals to 401(k), 403(b) and 457 plans remain unchanged at \$7,500. Please note that the catch-up deferrals are only available for plan participants who turn 50 at any time during the plan year and who may no longer make deferrals because of plan or regulatory limitations.
- The Social Security taxable wage base is increased by \$7,500 to \$176,100, which is more than double the average increase over the prior five-year period.

If you have questions about any of these adjustments, please contact [Mark Smith](#) or any member of the [Barley Snyder Employee Benefits Group](#).

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