

# 2025 Cost of Living Adjustments

The Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans. Code §415 requires the limits to be adjusted annually for cost-of-living increases. The IRS announced on November 1, 2024, cost-of-living adjustments (COLAs) applicable to dollar limitations for pension plans and other items for tax year 2025.

| Code  | 2025                     | 2024                     | 2023                     |
|---|--------------------------|--------------------------|--------------------------|
| <b>IRAs</b>                                       |                          |                          |                          |
| IRA Contribution Limit                            | \$7,000                  | \$7,000                  | \$6,500                  |
| IRA Catch-Up Contributions                        | \$1,000                  | \$1,000                  | \$1,000                  |
| <b>IRA Deductibility Phase-Out AGI</b>            |                          |                          |                          |
| Married Joint Filing                              | \$126,000-\$146,000      | \$123,000 - \$143,000    | \$116,000 - \$136,000    |
| Single or Head of Household                       | \$79,000-\$89,000        | \$77,000 - \$87,000      | \$73,000 - \$83,000      |
| <b>SEP</b>  |                          |                          |                          |
| SEP Minimum Compensation                          | \$750                    | \$750                    | \$750                    |
| SEP Maximum Compensation                          | \$350,000                | \$345,000                | \$330,000                |
| <b>SIMPLE Plans</b>                               |                          |                          |                          |
| SIMPLE Maximum Contributions                      | \$16,500                 | \$16,000                 | \$15,500                 |
| Catch-Up Contributions                            | \$3,500                  | \$3,500                  | \$3,500                  |
| Increased Catch-Up (age 50 or over)               | \$3,850                  | \$3,850                  |                          |
| Increased Catch-Up (ages 60-63)                   | \$5,250                  |                          |                          |
| <b>401(k), 403(b), Profit Sharing Plans, etc.</b> |                          |                          |                          |
| Annual Compensation                               | \$350,000                | \$345,000                | \$330,000                |
| Elective Deferrals                                | \$23,500                 | \$23,000                 | \$22,500                 |
| Catch-up Contributions                            | \$7,500                  | \$7,500                  | \$7,500                  |
| Increased Catch-Up (ages 60-63)                   | \$11,250                 |                          |                          |
| Defined Contribution Limits                       | \$70,000                 | \$69,000                 | \$66,000                 |
| ESOP Limits                                       | \$1,415,000<br>\$280,000 | \$1,380,000<br>\$275,000 | \$1,330,000<br>\$265,000 |
| <b>Other</b>                                      |                          |                          |                          |
| HCE Threshold                                     | \$160,000                | \$155,000                | \$150,000                |
| Defined Benefit Limits                            | \$280,000                | \$275,000                | \$265,000                |
| Key Employee                                      | \$230,000                | \$220,000                | \$215,000                |
| 457 Elective Deferrals                            | \$23,500                 | \$23,000                 | \$22,500                 |
| Control Employee - 1.61-21(f)(5)(i)               | \$140,000                | \$135,000                | \$130,000                |
| Control Employee - 1.61-21(f)(5)(iii)             | \$285,000                | \$275,000                | \$265,000                |
| Taxable Wage Base                                 | \$176,100                | \$168,600                | \$160,200                |

COLAs affect the contribution limits and operations of qualified retirement plans, simplified employee pension (SEP) plans and savings incentive match plans for employees of small employers (SIMPLE).

Section 415 of the Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans. It also requires that the Commissioner annually adjust these limits for cost-of-living increases.

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