

# 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 \$280,000	\$1,380,000 \$275,000	\$1,330,000 \$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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