



IRS Indexed Plan Limits for 2020

On November 6, 2019, the Internal Revenue Service (IRS) announced cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for the 2020 tax year. These limits include both employee and employer contribution limits. Employers should review and update their qualified retirement plans, including their 401(k) plans and pension plans, and summary plan descriptions and other relevant employee communications, to ensure that their employees can maximize their contributions.

The list below includes details on the key limit increases effective January 1, 2020:

Item	IRC Code Reference	2019 Limit	2020 Limit
401(k) and 403(b) Employee Deferral Limit ¹	402(g)(1)	\$19,000	\$19,500
457 Employee Deferral Limit	457(e)(15)	\$19,000	\$19,500
Catch-up Contribution ²	414(v)(2)(B)(i)	\$6,000	\$6,500
Defined Contribution Dollar Limit	415(c)(1)(A)	\$56,000	\$57,000
Defined Benefit Dollar Limit	415(b)(1)(A)	\$225,000	\$230,000
Compensation Limit ³	401(a)(17); 404(l)	\$280,000	\$285,000
Highly Compensated Employee Income Limit ⁴	414(q)(1)(B)	\$125,000	\$130,000
Key Employee/Officer	416(i)(1)(A)(i)	\$180,000	\$185,000
Social Security Taxable Wage Base		\$132,900	\$137,700
Governmental Plan Compensation Limit	<i>*if following 401(a)(17) on July 1, 1993</i>	\$415,000	\$425,000
ESOP Limits Maximum account balance subject to 5-yr distribution / Amount used to determine lengthening of 5-yr dist. period.	409(o)	\$1,130,000 / \$225,000	\$1,150,000 / \$230,000

1. Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit.
2. Available to employees age 50 or older during the calendar year.
3. All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.
4. For the 2020 plan year, an employee who earns more than \$125,000 in 2019 is an HCE. For the 2021 plan year, an employee who earned more than \$130,000 in 2020 is an HCE.