

New Retirement Plan Limitations Announced by the IRS for 2021



John M. Wirtshafter, Dale R. Vlasek, Antoinette M. Pilzner | Tuesday, October 27, 2020

On Oct. 26, 2020, the IRS announced cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items for the 2021 Tax Year. Changes to the limits are based upon the Social Security cost-of-living increases. Unlike last year, most of the applicable pension and retirement limitations will stay the same for the 2021 Tax Year.

Below are the new 2021 plan limitations:

2021 Retirement Plan Limits			
	2021	2020	2019
401(k),403(b) and 457(b) Deferral Limits	\$19,500	\$19,500	\$19,000
401(k) and 403(b) Catch-up Deferral Limits	\$6,500	\$6,500	\$6,000
Annual Limitation on Compensation	\$290,000	\$285,000	\$280,000
Defined Contribution Limitation	\$58,000	\$57,000	\$56,000

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Defined Benefit Limitation	\$230,000	\$230,000	\$225,000
Highly Compensated Employee Compensation Threshold	\$130,000	\$130,000	\$125,000
Key Employee Compensation - Officer Threshold	\$185,000	\$185,000	\$180,000
SIMPLE Deduction	\$13,500	\$13,500	\$13,000
SIMPLE Catch-Up Contribution	\$3,000	\$3,000	\$3,000
IRA Contribution Limit	\$6,000	\$6,000	\$6,000
IRA Catch-Up Contribution Limit	\$1,000	\$1,000	\$1,000
Social Security Wage Base	\$142,800	\$137,700	\$132,900

Employee Benefits

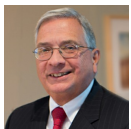
Benefit programs should be a win-win for employers and employees. We strive to accomplish that goal in the design, implementation and operation of sophisticated benefit and executive compensation programs – qualified and non-qualified retirement programs and health and welfare plans. Our employee benefits team has a long track record of working to maximize the efficiency and economic feasibility of each program.

If you have any questions or would like more information, please contact one of the attorneys below.



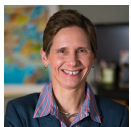
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