

Bolton

Alert

October 2020

Cost of Living Adjustments to Contribution and Benefit Limits

The IRS has released the adjusted contribution and benefit limits and the Social Security Administration has released the Social Security wage base for 2021. Many of the limits are unchanged from 2020, while others increased slightly. The limits for 2021 and 2020 are shown in the table below.

	Code Sec.	2021	2020
Max benefit for DB plan	415(b)(1)(A)	\$230,000	\$230,000
Max contribution for DC plan	415(c)(1)(A)	\$58,000	\$57,000
Elective deferrals limit	402(g)(1)	\$19,500	\$19,500
Catch-up contributions limit	414(v)	\$6,500	\$6,500
Highly compensated employee limit	414(q)(1)(B)(i)	\$130,000	\$130,000
Annual compensation limit	401(a)(17)	\$290,000	\$285,000
IRA contributions	219(b)(5)(A)	\$6,000	\$6,000
IRA catch-up limit	219(b)(5)(B)	\$1,000	\$1,000
Deferral limits for DC plans of state and local governments	457(b)(2) & 457(c)(1)	\$19,500	\$19,500
Definition of key employee in top-heavy plan	416(i)(1)(A)(i)	\$185,000	\$185,000
HSA contribution limit (single)		\$3,600	\$3,550
HSA contribution limit (family)		\$7,200	\$7,100
HSA catch-up limit		\$1,000	\$1,000
FSA contribution limit		\$2,750	\$2,750
Social Security Wage Base		\$142,800	\$137,700