

# Annual Contribution Limits

Maximum Amounts that Can Be Funded to Qualified Retirement Plans



ERISA has established plan limits for contributions and benefits that apply to all qualified retirement plans. The chart below outlines the maximum contribution (or benefit) that can be funded to each type of qualified retirement plan. These limits are indexed annually for inflation.

Limit Type	2025	2024	2023
Maximum Employee 401(k) or 403(b) Deferral	\$23,500	\$23,000	\$22,500
Employee Catch-up Contributions	\$7,500	\$7,500	\$7,500
Maximum Contribution to Defined Contribution Plan	\$70,000	\$69,000	\$66,000
Maximum Benefit in a Defined Benefit Limit	\$280,000	\$275,000	\$265,000
Annual Limit on Compensation	\$350,000	\$345,000	\$330,000
Highly Compensated Employees	\$160,000	\$155,000	\$150,000
Social Security Wage Base	\$176,100	\$168,600	\$160,200

## Defined Contribution Plans

Defined contribution plans, (e.g. profit sharing plans and 401(k) plans) contain limits on the amount of annual contributions that can be funded to the plan. These include both employee and employer limits. In determining contributions, employers must exclude salary above the annual compensation limit as shown in the chart above.

## Participant Limits

Participants in defined contribution plans are limited on how much can be allocated to their individual retirement accounts.

- **Profit Sharing Plans** – For 2024, the maximum contribution that can be funded to a participant's account is 100% of compensation up to \$69,000.
- **401(k) Plans** – For 2024, a participant can defer 100% of compensation into a 401(k) plan up to \$23,000<sup>i</sup>. Participants age 50 and above are eligible to contribute an additional \$7,500, for a total of \$30,500<sup>iii</sup>. The total contribution for employee deferrals and employer contributions, including forfeitures, is 100% of compensation up to \$69,000 (\$76,500<sup>ii</sup> for participants age 50 and above).

## Employer Limits

The maximum permissible federal income tax deduction for employer contributions funded to a plan is 25% of the aggregate compensation of the eligible participants. Employee salary deferrals are not subject to this limit and can be claimed as an additional tax deduction by the employer.

Please contact JULY at [888.333.5859](tel:888.333.5859) for more information.

<sup>i</sup> Your company may impose more restrictive limitations. Please refer to the adoption Agreement for information specific to your plan.

<sup>ii</sup> A participant must defer at least \$7,500 in order to reach \$76,500.

<sup>iii</sup> Note for those turning age 60, 61, 62, or 63 in 2025 are eligible to contribute an additional \$11,250, for a total of \$34,250. Those turning 64 in 2025 are limited to \$7,500.