

# Insights

## IRS Announces Retirement Plan Limitations for 2022

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The Internal Revenue Service recently issued **Notice 2021-61** announcing the cost-of-living adjustments applicable to pension and retirement plan dollar limitations for the 2022 tax year. Most of the dollar limits, including the elective contribution limit for 401(k), 403(b) and 457(b) plans, will increase from the 2021 limits. Other limits, such as the catch-up contribution limit available for participants age 50 and over, will remain the same. Additionally, the Social Security Administration has determined that the 2022 contribution and benefit base will be \$147,000, up from \$142,800 in 2021. A change in a limitation means that the increase in the cost-of-living index was sufficient enough to trigger the applicable statutory cost-of-living adjustment ("COLA").

The following table summarizes many of the retirement plan limitations for the 2021 and 2022 tax years:

| Type of Limitation – Internal Revenue Code Section  | Amount of Limitation<br>for 2022 | Amount of Limitation<br>for 2021 |
|---|----------------------------------|----------------------------------|
| Compensation Limit – 401(a)(17), 404(I), 408(k)(3)(C) [SEP], and 408(k)(6)(D)(ii)                         | \$305,000                        | \$290,000                        |
| Elective Deferral Limit for 401(k)/403(b)/457(b) Plans, SARSEPs – 402(g)(1), 457(e)(15), 408(k)(6)(A)(iv) | \$20,500                         | \$19,500                         |
| Catch-up Contribution Limit for 401(k)/403(b)/Governmental 457(b) Plans, SARSEPs – 414(v)(2)(B)(i)        | \$6,500                          | \$6,500                          |
| Highly Compensated Employee Compensation Threshold – 414(q)(1)(B)(i)                                      | \$135,000                        | \$130,000                        |
| Defined Benefit Plan Annual Benefit Limitation – 415(b)(1)(A)   | \$245,000                        | \$230,000                        |
| Defined Contribution Plan Annual Addition Limitation - 415(c)(1)(A)                                       | \$61,000                         | \$58,000                         |
| Key Employee Compensation Threshold for Officers – 416(i)(1)(A)(i)  | \$200,000                        | \$185,000                        |

SEP Eligibility Compensation Threshold – 408(k)(2)(C)

\$650

\$650

SIMPLE 401(k) Plan and SIMPLE IRA Elective Contribution Limit  
– 401(k)(11)(B)(i)(I), 408(p)(2)(E)

\$14,000

\$13,500

SIMPLE 401(k) Plan and SIMPLE IRA Catch-up Contribution Limit  
– 414(v)(2)(B)(ii)

\$3,000

\$3,000

ESOP Maximum Account Balance Subject to 5-year Distribution  
Period – 409(o)(1)(C)

\$1,230,000

\$1,165,000

ESOP Incremental Amount for Lengthening 5-year Distribution  
Period - 409(o)(1)(C)

\$245,000

\$230,000

Compensation Limit for Grandfathered Participants in Certain  
Governmental Plans – 401(a)(17)

\$450,000

\$430,000

For further information regarding the 2022 retirement plan limitations or to discuss any other retirement or welfare plan matters, please contact any member of our **Employee Benefits and Executive Compensation Practice Group**.

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