

IRS Announces Cost of Living Adjustments (COLA) to Retirement Plan Limitations for 2022

Effective date: January 1, 2022

MAXIMUM DOLLAR LIMITS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
401(k) & 403(b) Elective Deferrals (IRC § 402(g)(1))	\$20,500	\$19,500	\$19,500	\$19,000	\$18,500	\$18,000	\$18,000	\$18,000	\$17,500	\$17,500	\$17,000
Catch-Up Elective Deferrals (IRC § 414(v)(2)(B)(i))	\$6,500	\$6,500	\$6,500	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$5,500	\$5,500	\$5,500
Defined Benefit Plan Benefit (IRC § 415(b)(1)(A))	\$245,000	\$230,000	\$230,000	\$225,000	\$220,000	\$215,000	\$210,000	\$210,000	\$210,000	\$205,000	\$200,000
Defined Contribution Plan Contribution (IRC § 415(c)(1)(A))	\$61,000	\$58,000	\$57,000	\$56,000	\$55,000	\$54,000	\$53,000	\$53,000	\$52,000	\$51,000	\$50,000
Annual Compensation Limit (IRC § 401(a)(17) and IRC § 404(l))	\$305,000	\$290,000	\$285,000	\$280,000	\$275,000	\$270,000	\$265,000	\$265,000	\$260,000	\$255,000	\$250,000
Special Annual Compensation Limit for Government Plans ¹	\$450,000	\$430,000	\$425,000	\$415,000	\$405,000	\$400,000	\$395,000	\$395,000	\$385,000	\$380,000	\$375,000
457(b) Deferral (IRC § 457(e)(15))	\$20,500	\$19,500	\$19,500	\$19,000	\$18,500	\$18,000	\$18,000	\$18,000	\$17,500	\$17,500	\$17,000
Highly Compensated Employee (IRC § 414(q)(1)(B)) ²	\$135,000	\$130,000	\$130,000	\$125,000	\$120,000	\$120,000	\$120,000	\$120,000	\$115,000	\$115,000	\$115,000
SIMPLE Plan Deferral (IRC § 408(p)(2)(E))	\$14,000	\$13,500	\$13,500	\$13,000	\$12,500	\$12,500	\$12,500	\$12,500	\$12,000	\$12,000	\$11,500
SIMPLE Plan Catch-Up Elective Deferrals (IRC § 414(v)(2)(B)(ii))	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$2,500	\$2,500	\$2,500
SEP Coverage (IRC § 408(k)(2)(C))	\$650	\$650	\$600	\$600	\$600	\$600	\$600	\$600	\$550	\$550	\$550
SEP Compensation (IRC § 408(k)(3)(C) and IRC § 408(k)(6)(D)(ii))	\$305,000	\$290,000	\$285,000	\$280,000	\$275,000	\$270,000	\$265,000	\$265,000	\$260,000	\$255,000	\$250,000
Tax Credit ESOP Maximum Balance (IRC § 409(o)(1)(C)(ii))	\$1,230,000	\$1,165,000	\$1,150,000	\$1,130,000	\$1,105,000	\$1,080,000	\$1,070,000	\$1,070,000	\$1,050,000	\$1,035,000	\$1,015,000
Amount for Lengthening of 5-year ESOP Period	\$245,000	\$230,000	\$230,000	\$225,000	\$220,000	\$215,000	\$210,000	\$210,000	\$210,000	\$205,000	\$200,000
PBGC Monthly Maximum Guarantee (Single Employer Plan - Normal Retirement Age 65)	\$6,204.55	\$6,034.09	\$5,812.50	\$5,607.95	\$5,420.45	\$5,369.32	\$5,011.36	\$5,011.36	\$4,943.18	\$4,789.77	\$4,653.41
Social Security Tax Wage Base	\$147,000	\$142,800	\$137,700	\$132,900	\$128,400	\$127,200	\$118,500	\$118,500	\$117,000	\$113,700	\$110,100
Key Employee Officer Compensation (IRC § 416(i)(1)(A)(i))	\$200,000	\$185,000	\$185,000	\$180,000	\$175,000	\$175,000	\$170,000	\$170,000	\$170,000	\$165,000	\$165,000
FICA Tax for Employees	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	5.65%
FICA Tax for Employers	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
OASDI Tax for Employees	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	4.20%
OASDI Tax for Employers	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
Medicare Tax for Employees and Employers ³	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%
SECA Tax for Self-Employed Workers	15.30%	15.30%	15.30%	15.30%	15.30%	15.30%	15.30%	15.30%	15.30%	15.30%	13.30%
Social Security Tax for Self-Employed Workers	12.40%	12.40%	12.40%	12.40%	12.40%	12.40%	12.40%	12.40%	12.40%	12.40%	10.40%
Medicare Tax for Self-Employed Workers ⁴	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%

¹The special annual compensation limit for governmental plans applies only to eligible participants in governmental plans which imposed 401(a)(17) limits with indexing on July 1, 1993. The IRS did not publish these special limits for 1996 or 1997; therefore, a plan's actuary may have determined the limit for such years.

²The highly compensated employee determination is based on amounts earned in "look-back" year. Accordingly, whether an employee is highly compensated for the 2022 plan year is based on whether his/her 2021 compensation exceeded the compensation amount listed for 2022.

³Beginning January 1, 2013, the employee portion of the Medicare tax rate for employees earning over \$200,000 (single filers) or over \$250,000 (joint filers) is an additional 0.9% for amounts earned above such thresholds, for a total of 2.35%.Φ

⁴Beginning January 1, 2013, the Medicare tax rate for self-employed workers earning over \$200,000 (single filers) or over \$250,000 (joint filers) is an additional 0.9% for amounts earned above such thresholds, for a total of 3.8%.Φ

Φ In each case, an additional 3.8% Medicare tax rate is imposed on the lesser of (i) the "net investment income" for such year, or (ii) the modified AGI for such year in excess of \$200,000 (single filers) and \$250,000 (joint filers).

Ice Miller LLP is a full-service law firm with offices in Indianapolis, Chicago, Columbus, DuPage County (IL), New York, Philadelphia, and Washington, D.C. The employee benefits professionals of Ice Miller provide legal and consulting services regarding retirement, executive compensation and health and welfare benefits to public and private employers, public retirement systems, church plans, financial institutions, insurance companies, and other types of benefit service providers.

This publication is intended for general information purposes only and does not and is not intended to constitute legal advice. The reader must consult with legal counsel to determine how the information addressed herein applies to the reader's specific circumstances. Please visit our website at www.icemiller.com for more information about Ice Miller.