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2022 Qualified Retirement Plan IRS Indexed Dollar Limits Announced

Today the IRS announced in Notice 2021-61 the cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2022 under the Internal Revenue Code.

Nearly every limit increased this year, reflecting changes to the Consumer Price Index for All Urban Consumers (CPI-U). The notable exception for 2022 being the catch-up contribution limit under Code section 414(v) for participants age 50 and over, which remains unchanged at $6,500.

A comparison of the key 2021 and 2022 limits follows:

	2021	2022
Maximum Elective Deferrals to §401(k), §403(b), and §457(b) Plans	$19,500	**$20,500***
Maximum additional Catch-up Elective Deferrals to Plans other than SIMPLE Plans (age 50 by the end of the year)	$6,500	$6,500
Section 415 Limits - Defined Contribution Plan Annual Addition Maximum - Defined Benefit Plan Dollar Maximum	 $58,000 $230,000	 **$61,000*** **$245,000***
Annual Compensation Limit under §§401(a)(17), 404(l) and 408(k)	$290,000	**$305,000***
§414(q) Highly Compensated Employee definition	$130,000	**$135,000***
§416(i) Top-Heavy Compensation – Used to determine officers as key employees	$185,000	**$200,000***
§409(o) Maximum ESOP Account Balance Subject to 5-Year Distribution Period	$1,165,000	**$1,230,000***
ESOP Amount Used to Determine Extensions of the 5-Year Distribution Period	$230,000	**$245,000***
§408A Maximum Roth IRA Contribution (AGI Limit) Married Filing Joint Return or Qualifying Widower All other Taxpayers (other than married filing separately)	 $198,000 $125,000	 **$204,000*** **$129,000***

***Increased Amount for 2022**

Social Security Tax and Wage Base

The Social Security Administration has previously announced that the 2022 social security contribution and benefit base (also known as the taxable wage base) will be $147,000, which is an increase of $4,200 from $142,800 for the 2021 calendar year. The OASDI tax rate remains at 6.2%, which sets the maximum tax amount for 2022 at $9,114.00.