

**Annual Compensation and Contribution Limits for Qualified Retirement Plans 2022**  
**(Amount is in \$)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>401(k) and 403(b) Deferral Limit</b>	<b>20,500</b>	19,500	19,500	19,000	18,500	18,000
<b>457 Deferral Limit</b>	<b>20,500</b>	19,500	19,500	19,000	18,500	18,000
<b>401(k), 403(b), 457 Catch-up Contribution Limit</b>	6,500	6,500	6,500	6,000	6,000	6,000
<b>SIMPLE Deferral Limit</b>	<b>14,000</b>	13,500	13,500	13,000	12,500	12,500
<b>SIMPLE Catch-up Contribution Limit</b>	3,000	3,000	3,000	3,000	3,000	3,000
<b>Annual Compensation Limit</b>	<b>305,000</b>	290,000	285,000	280,000	275,000	270,000
<b>Defined Benefit 415 Limit</b>	<b>245,000</b>	230,000	230,000	225,000	220,000	215,000
<b>Defined Contribution 415 Limit</b>	<b>61,000</b>	58,000	57,000	56,000	55,000	54,000
<b>Dollar Limit for HCEs</b>	<b>135,000</b>	130,000	130,000	125,000	120,000	120,000
<b>Dollar Limit for Key Employee</b>	<b>200,000</b>	185,000	185,000	180,000	175,000	175,000
<b>Social Security Taxable Wage Base</b>	<b>147,000</b>	142,800	137,700	132,900	128,400	127,200

# Annual Compensation and Contribution Limits for Qualified Retirement Plans

## 2022

**Elective Deferral Limit :-** is the maximum contribution that can be made on a pre-tax basis to a 401(k) or 403(b) plan (Internal Revenue Code section 402(g)(1)). Some still refer to this as the \$7,000 limit (its original setting in 1987).

**Annual Benefit Limit:-** is the maximum annual benefit that can be paid to a participant (IRC section 415). The limit applied is actually the lessor of the dollar limit above or 100% of the participant's average compensation (generally the high three consecutive years of service). The participant compensation level is also subjected to the **Annual Compensation Limit**.

**Catch up Contributions,  
SIMPLE "Catch up" deferral:**

Under the Economic Growth and Tax Relief Act of 2001 (EGTRRA), certain individuals aged 50 or over can now make so-called 'catch up' contributions, in addition to the above limits.

**Annual Contribution Limit :-** is the maximum annual contribution amount that can be made to a participant's account (IRC section 415). This limit is actually expressed as the lessor of the dollar limit **or** 100% of the participant's compensation, applied to the combination of employee contributions, employer contributions and forfeitures allocated to a participant's account.

In calculating contribution allocations, a plan cannot consider any employee compensation in excess of the **Annual Compensation Limit** (401(a)(17)). This limit is also imposed in determining the Annual Benefit Limit (above). In calculating certain nondiscrimination tests (such as the Actual Deferral Percentage), all participant compensation is limited to this amount, for purposes of the calculation.

**457 Deferral Limit :-** is a similar restriction, applied to certain government plans (457 plans).

**Highly Compensated Threshold :-** (section 414(q)(1)(B)) is the minimum compensation level established to determine highly compensated employees for purposes of nondiscrimination testing.

**SIMPLE Contribution Limit :-** is the maximum annual contribution that can be made to a SIMPLE (Savings Incentive Match Plan for Employees) plan. SIMPLE plans are simplified retirement plans for small businesses that allow employees to make elective contributions, while requiring employers to make matching or nonelective contributions.

**SEP Coverage Limit :-** is the minimum earnings level for a self-employed individual to qualify for coverage by a Simplified Employee Pension plan (a special individual retirement account to which the employer makes direct tax-deductible contributions).

**SEP Compensation Limit:-** is applied in determining the maximum contributions made to the plan.

EGTRRA also added the **Top-heavy plan key employee compensation limit**.