

# Plan Limits: 2021



Retirement Plan Limitations & Thresholds	2021	2020	2019	2018	2017
<b>Compensation limit</b> Compensation above this limit is not considered for most plan purposes. Based on plan years <i>beginning-in</i> .	\$290,000	\$285,000	\$280,000	\$275,000	\$270,000
<b>Limits on Benefits and Contributions</b>					
<b>Defined Contribution Annual Additions Limit</b> Refers to the amount of contributions and forfeitures that can be credited to a participant's account during the limitation year not to exceed 100% of compensation for plan years <i>ending-in</i> .	\$58,000	\$57,000	\$56,000	\$55,000	\$54,000
<b>Defined Benefit Dollar Limit</b> Refers to the benefit at normal retirement age for plan years <i>ending-in</i> .	\$230,000	\$230,000	\$225,000	\$220,000	\$215,000
<b>Elective Deferral Annual Limit</b> Refers to maximum deferral that can be made to the plan by a participant. This limit is aggregated among all plans (excluding 457(b) plans) and cannot exceed 100% of compensation <i>based on a calendar year</i> .					
<b>401(k), 403(b) or 457(b) Plan</b>	\$19,500	\$19,500	\$19,000	\$18,500	\$18,000
<b>SIMPLE Plan</b>	\$13,500	\$13,500	\$13,000	\$12,500	\$12,500
<b>"Catch-up" Elective Deferral Annual Limit</b> Applies to participants who have attained age 50 by plan year-end and is in addition to the above stated Elective Deferral Limit.					
<b>401(k), 403(b) or 457(b) Plan</b>	\$6,500	\$6,500	\$6,000	\$6,000	\$6,000
<b>SIMPLE Plan</b>	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
<b>Definitions and Related Thresholds</b>					
<b>"Highly Compensated" Employee (HCE)</b> Refers to the look-back year rule - use prior year plan compensation compared to the limit. HCE's are also defined as: a) =>5% owners in either the current or look-back year regardless of compensation & b) spouses and lineal descendents/ascendants of HCE employees.	\$130,000	\$130,000	\$125,000	\$120,000	\$120,000
<b>"Key Employee" Dollar Limits</b> Refers to employees solely for the purpose of the top-heavy test.					
<b>Officer Compensation</b> Applies to officers of the employer when their compensation exceeds this limit. However, officer based key employees are limited to the greater of three or 10% of all employees.	\$185,000	\$185,000	\$180,000	\$175,000	\$175,000
<b>&gt;1% Owner Compensation</b> Key Employee also includes: a) =>5% owners regardless of comp & b) spouses and lineal descendents/ascendants of key employees.	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
<b>Social Security Covered Compensation</b>					
<b>Taxable Wage Base</b> Applicable to plans that use Social Security integrated into the employer allocation formula.	\$142,800	\$137,700	\$132,900	\$128,400	\$127,200
<b>Medicare</b>	no limit	no limit	no limit	no limit	no limit
<b>FICA and SECA Tax Rates</b>					
<b>OASDI</b> (employer and employee, each)	6.20%	6.20%	6.20%	6.20%	6.20%
<b>Medicare Rate</b> (employer and employee, each)	1.45%	1.45%	1.45%	1.45%	1.45%
<b>Combined Rate</b> (self-employed)	15.3%	15.3%	15.3%	15.3%	15.3%

This summary is designed solely as a general overview of plan limits as they relate to the year in the column headings. It is not intended to be all encompassing. With respect to contribution types and limits - plans may be designed to exclude various contribution types and/or specify lower limits. This material is provided for informational purposes only and should not be construed as tax or legal advice. Interested parties must consult with and rely upon their own tax and legal advisors. For more information regarding the plan year changes, visit: <http://www.irs.gov/Retirement-Plans/COLA-Increases-for-Dollar-Limitations-on-Benefits-and-Contributions>