



hooker & holcombe

## 2021 Retirement Plan Limits

The Internal Revenue Service has published the cost of living adjustments (COLA) applicable to dollar limitations for employee-sponsored retirement and welfare plans, with most contribution and benefit limits for employer-sponsored plans remaining unchanged for the 2021 tax year.

Contribution and benefit limits effective January 1, 2021 are as follows:

	2021	2020	2019	2018
<b>Defined Benefit maximum</b>	<b>\$230,000</b>	\$230,000	\$225,000	\$220,000
<b>Defined Contribution maximum</b>	<b>\$58,000</b>	\$57,000	\$56,000	\$55,000
<b>Maximum employee pre-tax contribution</b> (pre-tax plus Roth combined)				
401(k), 403(b) and most 457 plans	<b>\$19,500</b>	\$19,500	\$19,000	\$18,500
Simple 401(k)	<b>\$13,500</b>	\$13,500	\$13,000	\$12,500
<b>Maximum employee catch-up contribution</b> (pre-tax plus Roth combined)				
401(k), 403(b) and most 457 plans	<b>\$6,500</b>	\$6,500	\$6,000	\$6,000
Simple 401(k)	<b>\$3,000</b>	\$3,000	\$3,000	\$3,000
<b>Compensation cap</b>	<b>\$290,000</b>	\$285,000	\$280,000	\$275,000
<b>Highly compensated threshold</b>	<b>\$130,000</b>	\$130,000	\$125,000	\$120,000
<b>Key employee threshold</b>	<b>\$185,000</b>	\$185,000	\$180,000	\$175,000
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Old age &amp; disability</b>	<b>\$142,800</b>	\$137,700	\$132,900	\$128,400
<b>Medicare</b>	<b>No Max.</b>	No Max.	No Max.	No Max.

Plan sponsors should use this information to update payroll and plan administration systems. Please contact your H&H consultant with questions or to learn more about how these updates apply to your plans.