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## CLIENT ADVISORY

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### 2023 DOLLAR LIMITS FOR RETIREMENT PLANS

The Internal Revenue Service (“IRS”) has announced cost-of-living adjustments to the dollar limits for tax-qualified retirement plans and individual retirement accounts, for calendar year 2023. The Internal Revenue Code (“Code”) imposes dollar limitations on benefits and contributions under tax-qualified retirement plans, and on contributions to individual retirement accounts. These limitations are adjusted annually to reflect cost-of-living increases, if any, pursuant to adjustment procedures which are similar to those used to adjust Social Security benefit amounts. Some of the more significant limitations are as follows:

	2022	2023
Maximum Pre-tax Contribution by Employees to 401(k), 403(b) and 457(f) plans (without Catch-Up)	\$20,500	<b>\$22,500</b>
Maximum Pre-tax Catch-Up Contribution by Employees to 401(k), 403(b) and 457(e) plans	\$6,500	<b>\$7,500</b>
Defined Benefit Maximum*	\$245,000	<b>\$265,000</b>
Defined Contribution Maximum	\$61,000	<b>\$66,000</b>
Highly Compensated Employee Compensation	\$135,000	<b>\$150,000</b>
Includable Compensation Limit	\$305,000	<b>\$330,000</b>
Key Employee Compensation (for “top heavy” plans)	\$200,000	<b>\$215,000</b>
Maximum Individual Retirement Account Contribution (without Catch-Up)	\$6,000	<b>\$6,500</b>
Maximum Individual Retirement Account Catch-Up Contribution	\$1,000	<b>\$1,000</b>

\*For a participant who separated from service before January 1, 2023, the limitation for defined benefit plans under Section 415(b)(1)(B) is computed by multiplying the participant’s compensation limitation, as adjusted through 2022, by 1.0833.

*Managing Editor:*

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