

Legal Update

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IRS Announces 2024 Retirement Plan Limits

The Internal Revenue Service (IRS) has released [Notice 2023-75](#), containing cost-of-living adjustments for 2023 that affect amounts employees can contribute to 401(k) plans and individual retirement accounts (IRAs).

2024 Increases

The employee contribution limit for **401(k) plans in 2024 has increased to \$23,000**, up from \$22,500 for 2023. Other key limit increases include the following:

- The employee contribution limit for **IRAs** is increased to **\$7,000**, up from \$6,500.
- The **IRA catch-up contribution limit** for individuals aged 50 and over **remains unchanged at \$1,000** for 2024 (despite this limit now including an annual cost-of-living adjustment because of legislation enacted at the end of 2022, referred to as "SECURE 2.0").
- The **catch-up contribution limit** for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans and the federal government's Thrift Savings Plan **remains unchanged at \$7,500**. Therefore, participants in these plans who are 50 and older can contribute up to **\$30,500**, starting in 2024.
- The employee contribution limit for **SIMPLE IRAs and SIMPLE 401(k) plans** is increased to **\$16,000**, up from \$15,500.
- The limits used to define a "highly compensated employee" and a "key employee" are increased to **\$155,000** (up from \$150,000) and **\$220,000** (up from \$215,000), respectively.
- The **annual limit for defined contribution plans** (for example, 401(k) plans, profit-sharing plans and money purchase plans) is increased to **\$69,000**, up from \$66,000.
- The **annual compensation limit** (applicable to many retirement plans) is increased to **\$345,000**, up from \$330,000.

The income ranges for determining eligibility to make deductible contributions to traditional IRAs, contribute to Roth IRAs and claim the Saver's Credit (also known as the Retirement Savings Contributions Credit) also increased for 2023.

The IRS' [news release](#) contains more details.

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Important Dates

Nov. 1, 2024

The IRS released the 2024 retirement plan limits.

Jan. 1, 2024

The effective date of the 2024 retirement plan limits.

The amount individuals can contribute to their 401(k) plans in 2024 has increased to \$23,000.