

# 2021 Retirement Plan Limits

The IRS announced cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2021<sup>1</sup>.

Below are the retirement plan dollar limits for 2021, with applicable increases over 2020:

Types of Limitations	2020	2021
Compensation Limit [IRC Sec. 401(a)(17)]	\$285,000	\$290,000
Defined Benefit Plan Annual Benefit Limit	\$230,000	\$230,000
Defined Contribution Plan Annual Contribution Limit	\$57,000	\$58,000
Social Security Tax Wage Base	\$137,700	\$142,800
Highly Compensated Employee Compensation Threshold	\$130,000	\$130,000
Key Employee Officer Compensation Threshold	\$185,000	\$185,000
<b>401(k), 403(b), 457(b), and SARSEPs</b>		
Elective Deferral Limit <sup>2</sup>	\$19,500	\$19,500
Catch-up Contribution <sup>3</sup>	\$6,500	\$6,500

<sup>1</sup> This table has been updated based on IRS Notice (2020-79), October 26, 2020..

<sup>2</sup> This applies to the total of all elective deferrals an individual makes for the year to 401(k) plans, 403(b) plans, SARSEPs, and SIMPLE plans. However, deferrals to each SIMPLE plan in which the individual participates are also limited.

<sup>3</sup> Catch-up contributions are available each year to individuals who reach age 50 by December 31.

For more information on your contribution limits, or any other questions related to your employer-sponsored retirement plan, please contact us today.

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