

EMPLOYEE BENEFITS LAW

INFORMATION MEMO

OCTOBER 28, 2022

IRS Announces 2023 Retirement Plan and Other Benefit Limitations

The Internal Revenue Service announced the dollar limitations for retirement plans and other benefits, beginning January 1, 2023. Some of the limits are listed below.

| LIMITATION | 2022 AMOUNT | 2023 AMOUNT |
|---|-------------------------------|-------------------------------|
| Maximum Annual Compensation taken into account for determining benefits or contributions to a qualified plan | \$305,000 | \$330,000 |
| Basic Elective Deferral Limitation for 401(k), 403(b) and 457(b) Plans ¹ | \$20,500 | \$22,500 |
| Catch-up Contribution Limit for Persons Age 50 and older in 401(k), 403(b) or SARSEP Plans | \$6,500 | \$7,500 |
| Limitation on Annual Additions to a Defined Contribution Plan ² | \$61,000 | \$66,000 |
| Limitation on Annual Benefits from a Defined Benefit Plan ³ | \$245,000 | \$265,000 |
| Highly Compensated Employee Compensation Threshold ⁴ | \$135,000 | \$150,000 |
| SEP Compensation Threshold | \$650 | \$750 |
| Social Security Taxable Wage Base for Social Security Tax (6.2%) | \$147,000 | \$160,200 |
| For Medicare Tax (1.45% / 2.35%) | No Limit | No Limit |
| Health Savings Accounts: <ul style="list-style-type: none">• Individual Contribution Limit• Family Contribution Limit• Catch-Up Contributions | \$3,650 \$7,300 \$1,000 | \$3,850 \$7,750 \$1,000 |
| Health Flexible Spending Accounts ⁵ | \$2,850 | \$3,050 |
| Health Flexible Spending Accounts Carryover Limit | \$570 | \$610 |

If you have any questions about this information memo, please contact any attorney in our [employee benefits and executive compensation practice](#) or the attorney at the firm with whom you are regularly in contact.

- ¹ This limit and the catch-up limit also apply to Roth (after-tax) contributions under 401(k) and 403(b) plans that permit such contributions.
- ² In no event may annual additions exceed 100% of a participant's compensation.
- ³ In no event may a participant's annual benefit exceed 100% of the participant's average compensation for the participant's high three years.
- ⁴ Generally, an employee is considered "highly compensated" if the employee:
(a) was a 5% owner of the employer at any time during the current or preceding year; or
(b) received compensation from the employer in the preceding year of more than the applicable dollar limit for that year.
- ⁵ This limit applies only to voluntary employee salary reduction (pre-tax) contributions.



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