

2022 COST-OF-LIVING ADJUSTMENTS (COLAS)



The IRS has announced the 2022 cost-of-living adjustments (COLAs), which impact retirement plans for more than 70 million Americans. These taxpayers will get a 5.9% increase in monthly Social Security benefits and supplemental security income payments in 2022. The COLA is based on three months of Consumer Price Index data, which reflects that prices **have risen dramatically** since the pandemic began, causing much financial stress for beneficiaries who live on a fixed income. We've compiled a side-by-side comparison on the dollar limitations for benefits and contributions over the past three years below.

2020 2021 2022

401(k), 403(b), 457 Contributions

Elective Deferrals	\$ 19,500	\$ 19,500	\$ 20,500
Catch-Up Contributions	6,500	6,500	6,500

IRAs

IRA Contributions	6,000	6,000	6,000
IRA Catch-Up Contributions	1,000	1,000	1,000

SIMPLE Plan

Elective Deferrals	13,500	13,500	14,000
Catch-Up Contributions	3,000	3,000	3,000

Simplified Employee Pensions (SEPs)

Minimum Compensation 408(k)(2)(c)	600	650	650
Maximum Compensation 408(k)(3)(c)	285,000	290,000	305,000
Maximum Contribution	57,000	58,000	61,000

401(k), 403(b), 457 Plans

Annual Compensation 401(a)(17)/404(l)	285,000	290,000	305,000
Defined Contribution Limits 415(c)(1)(A)	57,000	58,000	61,000
ESOP Limit 409(o)(1)(c) - account balance	1,150,000	1,165,000	1,230,000
ESOP Limit 409(o)(1)(c) - lengthening 5-year period	230,000	230,000	245,000

Miscellaneous

Highly Compensated Employee	130,000	130,000	135,000
Defined Benefit Annual Limit	230,000	230,000	245,000
Key Employee Compensation	185,000	185,000	200,000
Social Security Taxable Wage Base	137,700	142,800	147,000