

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
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IRA Catch-Up Contributions	1,000	1,000	1,000
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SIMPLE Plan

Elective Deferrals	13,500	13,500	14,000
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Catch-Up Contributions	3,000	3,000	3,000
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Simplified Employee Pensions (SEPs)

Minimum Compensation 408(k)(2)(c)	600	650	650
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Maximum Compensation 408(k)(3)(c)	285,000	290,000	305,000
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Maximum Contribution	57,000	58,000	61,000
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401(k), 403(b), 457 Plans

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