

# 2023 COST-OF-LIVING ADJUSTMENTS (COLAS)



This week, the IRS announced the 2023 cost-of-living adjustments (COLAs), which impact retirement plans for more than 67 million Americans. In addition, the Social Security Administration announced the 2023 social security wage base will be \$160,200, which reflects a \$13,200 increase from 2021.

Most of the 2023 limitations increased substantially, although few of them stayed the same. We've compiled a side-by-side comparison on the dollar limitations for benefits and contributions for the past three years. Contact your [BMF Advisor](#) if you have questions on these dollar limitations or to discuss your 2022 tax planning strategy.

Read more about the [Social Security Cost-of-Living adjustment for 2023](#).

**2023 2022 2021**

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

Elective Deferrals	\$ 22,500	\$ 20,500	\$ 19,500
Catch-Up Contributions	7,500	6,500	6,500

## IRAs

IRA Contributions	6,500	6,000	6,000
IRA Catch-Up Contributions	1,000	1,000	1,000

## SIMPLE Plan

Elective Deferrals	15,500	14,000	13,500
Catch-Up Contributions	3,500	3,000	3,000

## Simplified Employee Pensions (SEPs)

Minimum Compensation 408(k)(2)(c)	750	650	650
Maximum Compensation 408(k)(3)(c)	330,000	305,000	290,000
Maximum Contribution	66,000	61,000	58,000

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

Annual Compensation 401(a)(17)/404(l)	330,000	305,000	290,000
Defined Contribution Limits 415(c)(1)(A)	66,000	61,000	58,000

ESOP Limit 409(o)(1)(c) - account balance	1,330,000	1,230,000	1,165,000
ESOP Limit 409(o)(1)(c) - lengthening 5-year period	265,000	245,000	230,000

## Miscellaneous

Highly Compensated Employee	150,000	135,000	130,000
Defined Benefit Annual Limit	265,000	245,000	230,000
Key Employee Compensation	215,000	200,000	185,000
Social Security Taxable Wage Base	160,200	147,000	142,800