

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