

2025 COST-OF-LIVING ADJUSTMENTS (COLAS)



On November 1st, the IRS announced several retirement plan contributions increases and cost-of-living adjustments (COLAs) for pension plans and other retirement-related items for 2025. New for the upcoming year, are the “super catch-up” contributions for eligible taxpayers ages 60 to 63 at the end of the year which is a provision from the [SECURE 2.0 Act of 2022](#). Other key highlights of the announcement are the increases in 401(k) and SIMPLE plan deferrals and SEP contributions; the IRA contribution limit for many taxpayers remained unchanged.

The Social Security Administration issued its 2025 cost-of-living adjustments in mid-October. The more than 72.5 million taxpayers receiving Social Security and Supplemental Security Income (SSI) benefits will receive a 2.5% increase in monthly payments starting in January 2025 (Social Security beneficiaries) or December 31, 2024 (SSI recipients). For those subject to the Social Security tax, the wage base rose to \$176,100, which is a \$7,500 increase from 2024.

We've compiled a side-by-side comparison on the dollar limitations for benefits and contributions over the past three years. Many of these have minimal to no change from 2024. Contact your [BMF Advisor](#) if you have questions on these dollar limitations or to discuss your tax planning strategy.

Read more about the [Social Security Cost-of-Living adjustment for 2025](#).

2025 2024 2023

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

Elective Deferrals	\$ 23,500	\$ 23,000	\$ 22,500
Catch-Up Contributions	7,500	7,500	7,500
Age 60-63 Catch-Up Contributions	11,250		

IRAs

IRA Contributions	7,000	7,000	6,500
IRA Catch-Up Contributions	1,000	1,000	1,000

SIMPLE Plan

Elective Deferrals	16,500	16,000	15,500
Catch-Up Contributions	3,500	3,500	3,500
Age 60-63 Catch-Up Contributions	5,250		

Simplified Employee Pensions (SEPs)

Minimum Compensation 408(k)(2)(c)	750	750	750
Maximum Compensation 408(k)(3)(c)	350,000	345,000	330,000
Maximum Contribution	70,000	69,000	66,000

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

Annual Compensation 401(a)(17)/404(l)	350,000	345,000	330,000
Defined Contribution Limits 415(c)(1)(A)	70,000	69,000	66,000
ESOP Limit 409(o)(1)(c) - account balance	1,415,000	1,380,000	1,330,000
ESOP Limit 409(o)(1)(c) - lengthening 5-year period	280,000	275,000	265,000

Miscellaneous

Highly Compensated Employee	160,000	155,000	150,000
Defined Benefit Annual Limit	280,000	275,000	265,000
Key Employee Compensation	230,000	220,000	215,000
Social Security Taxable Wage Base	176,100	168,200	160,200