

# 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 <u>SECURE 2.0 Act of 2022</u>. 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 <a href="BMF Advisor">BMF Advisor</a> 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