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IRS Announces 2020 Dollar Limits for **Employee Benefit Plans**

The IRS has announced the dollar limits for contributions and benefits in retirement plans and certain deferred compensation plans for 2020. The chart below summarizes the key limits below, including how they compare with those in the previous year. Plan sponsors should confirm with their recordkeepers that all systems have been updated to reflect the 2020 limits.

Plan Contributions/Benefits	2020 Limit	2019 Limit
401(k), 403(b) and 457(b) elective deferrals	\$19,500	\$19,000
Catch-up contribution limit	\$6,500	\$6,000
Defined benefit plan annual benefit limit	\$230,000	\$225,000
Defined contribution plan annual addition limit	\$57,000	\$56,000
Annual compensation limit	\$285,000	\$280,000
Top-heavy "key employee" officer dollar limit	\$185,000	\$180,000
Highly compensated employee (HCE) definition	\$130,000	\$125,000
SIMPLE retirement accounts limit	\$13,500	\$13,000
ESOP maximum balance for five-year payout	\$1,150,000	\$1,130,000
Amount over maximum balance for lengthening five-year ESOP payout period	\$230,000	\$225,000

Please contact us if you have any questions.

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