



November 7, 2019

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.