

October 24, 2022

IRS Publishes 2023 Pension Plan Limitations

The IRS recently announced the cost-of-living adjustments applicable to certain dollar limitations for employee pension benefit plans for 2023. The resulting dollar limits are as follows:

- The annual benefit limit for defined benefit plans is increased from \$245,000 to \$265,000.
- The annual addition limit for defined contribution plans is increased from \$61,000 to \$66,000.
- The annual limit with respect to the exclusion for elective deferrals to a 401(k), 403(b) or 457(b) plan is increased from \$20,500 to \$22,500. The dollar limit for age 50 or over catch-up contributions to a 401(k), 403(b) or government 457(b) plan is increased from \$6,500 to \$7,500.
- The limit on annual contributions to an individual retirement arrangement (IRA) is increased from \$6,000 to \$6,500. The dollar limit for age 50 or over catch-up contributions to an IRA remains unchanged at \$1,000.
- The limit on annual contributions to SIMPLE plans and SIMPLE IRAs is increased from \$14,000 to \$15,500. The dollar limit for age 50 or over catch-up contributions to SIMPLE plans and SIMPLE IRAs is increased from \$3,000 to \$3,500.
- The annual limit on compensation that can be taken into account under a qualified retirement plan is increased from \$305,000 to \$330,000.
- The dollar limit for defining key employees in a top-heavy plan is increased from \$200,000 to \$215,000.
- The dollar amount for determining the maximum account balance in an employee stock ownership plan (ESOP) subject to a five-year distribution period is increased from \$1.23 million to \$1.33 million. The dollar amount used to determine the lengthening of the five-year distribution period is increased from \$245,000 to \$265,000.
- The limitation used in the definition of "highly compensated employee" is increased from \$135,000 to \$150,000.

A complete list of applicable pension plan limitations can be found [here](#). If you have any questions about the cost-of-living adjustments or any other employee benefits or executive compensation matter, please contact a member of Day Pitney's Employee Benefits and Executive Compensation practice group.

Authors



Thomas F. J. O'Mullane

Partner

Parsippany, NJ | (973) 966-8413

tomullane@daypitney.com



David P. Doyle

Partner

Parsippany, NJ | (973) 966-8136

ddoyle@daypitney.com