November 14, 2025

IRS Publishes 2026 Pension Plan Limits

The IRS recently announced the cost-of-living adjustments applicable to certain dollar limits for employee pension benefit plans for 2026. The resulting dollar limits are as follows:

- The annual benefit limit for defined benefit plans is increased from $280,000 to $290,000.
- The annual addition limit for defined contribution plans is increased from $70,000 to $72,000.
- The annual limit with respect to the exclusion for elective deferrals to a 401(k), 403(b) or 457(b) plan is increased from $23,500 to $24,500.
- The dollar limit for age 50 catch-up contributions to a 401(k), 403(b) or government 457(b) plan is increased from $7,500 to $8,000. The dollar limit for age 60, 61, 62 or 63 catch-up contributions to a 401(k), 403(b) or government 457(b) plan remains unchanged at $11,250.
- The Roth catch-up wage threshold, which is used to determine whether an individual's catch-up contributions to an applicable employer plan must be designated as Roth contributions, is increased from $145,000 to $150,000.
- The limit on annual contributions to an individual retirement arrangement (IRA) is increased from $7,000 to $7,500. The dollar limit for age 50 catch-up contributions to an IRA is increased from $1,000 to $1,100.
- The limit on annual contributions to SIMPLE plans and SIMPLE IRAs is increased from $16,500 to $17,000. The dollar limit for age 50 catch-up contributions to SIMPLE plans and SIMPLE IRAs is increased from $3,500 to $4,000. The dollar limit for age 60, 61, 62 or 63 catch-up contributions to SIMPLE plans and SIMPLE IRAs remains unchanged at $5,250.
- The annual limit on compensation that can be taken into account under a qualified retirement plan is increased from $350,000 to $360,000.
- The dollar limit for defining key employees in a top-heavy plan is increased from $230,000 to $235,000.
- The dollar amount for determining the maximum account balance in an employee stock ownership plan subject to a five-year distribution period is increased from $1.415 million to $1.455 million. The dollar amount used to determine the lengthening of the five-year distribution period is increased from $280,000 to $290,000.
- The dollar amount limit used in the definition of "highly compensated employee" remains unchanged at $160,000.

A complete list of applicable pension plan dollar limits 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



Brendan J. Butler
Counsel

Hartford, CT | (860) 275-0277

bbutler@daypitney.com



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