November 16, 2026

IRS Publishes 2027 Pension Plan Limits

The IRS recently announced the cost-of-living adjustments applicable to certain dollar limits for employee pension benefit plans for 2027. The resulting dollar limits are as follows:

- The annual benefit limit for defined benefit plans is increased from $290,000 to $300,000.
- The annual addition limit for defined contribution plans is increased from $72,000 to $75,000.
- The annual limit with respect to the exclusion for elective deferrals to a 401(k), 403(b) or 457(b) plan is increased from $24,500 to $25,500.
- The dollar limit for age 50 catch-up contributions to a 401(k), 403(b) or government 457(b) plan is increased from $8,000 to $8,500. The dollar limit for age 60, 61, 62 or 63 catch-up contributions to a 401(k), 403(b) or government 457(b) plan is increased from $11,250 to $11,750.
- 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 $150,000 to $155,000.
- The limit on annual contributions to an individual retirement arrangement (IRA) remains unchanged at $7,500. The dollar limit for age 50 catch-up contributions to an IRA remains unchanged at $1,100.
- The limit on annual contributions to SIMPLE plans and SIMPLE IRAs is increased from $17,000 to $17,500. The dollar limit for age 50 catch-up contributions to SIMPLE plans and SIMPLE IRAs remains unchanged at $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 $360,000 to $375,000.
- The dollar limit for defining key employees in a top-heavy plan is increased from $235,000 to $245,000.
- 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 $1.455 million to $1.505 million. The dollar amount used to determine the lengthening of the five-year distribution period is increased from $290,000 to $300,000.
- The dollar amount limit used in the definition of "highly compensated employee" is increased from $160,000 to $170,000.

A complete list of applicable pension plan dollar limits can be found here.

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