

## 2025 IRS Qualified Plan Limits Announced

Effective January 1, 2025, the Internal Revenue Service (IRS) has announced the limits affecting retirement plans, pension plans and other retirement-related thresholds for the 2025 tax year.

IRS Limit Definition	Code Section	2025	2024
Elective Deferral Limit for a 401(k), 403(b), 457(b) Plans	§402(g)(1)(B) §457(e)(15)(A)	\$23,500	\$23,000
Defined Contribution Plan Limit	§415(c)(1)(A)	\$70,000	\$69,000
Annual Compensation Limit	§401(a)(17)(A)	\$350,000	\$345,000
Highly Compensated Employee Threshold	§414(q)(1)(B)(i)	\$160,000	\$155,000
Defined Benefit Plan Limit	§415(b)(1)(A)	\$280,000	\$275,000
Traditional and Roth IRA Contribution Limits	§219(b)(5)(A)	\$7,000	\$7,000
Catch Up Contribution Limit (age 50 and over, Non-SIMPLE)	§414(v)(2)(B)(i)	\$7,500	\$7,500

While the newly announced IRS limits have increased nearly across the board, these limits continue to restrict the benefits available through qualified plans to Highly Compensated Employees (HCEs). The percentage of total compensation that HCEs are able to contribute to qualified retirement plans is far lower than the rest of the employee population. To counter the impact of these limits, employers have the opportunity to offer custom designed [nonqualified deferred compensation \(NQDC\)](#) plans. NQDC plans allow supplemental pre-tax compensation deferrals, as well as the option for company contributions, and provide executives with a powerful retirement and financial planning tool.

For more than thirty-five years, [Nolan Financial](#) has specialized in the custom design, enrollment, funding, and administration of nonqualified retirement plans for the benefit of the senior executives of public, private and tax-exempt organizations. If you have questions regarding non-qualified deferred compensation plans or executive benefits, please reach out to Michael Nolan, [NolanM@nolanfinancial.com](mailto:NolanM@nolanfinancial.com), or by phone at 1 (888) 886-9128.

