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Commco Comments

Timely Information and Updates for Employers and Retirement Plan Sponsors

2025 Retirement Planning Key Numbers

Retirement plan contribution limits and phase-out income limits for Roth IRA and deductible Traditional IRA contributions are set to increase modestly for 2025.

The big news for the coming year is the introduction of the "super catch up" contribution category, established by the SECURE 2.0 Act of 2022 to allow employees ages 60-63 to boost their qualified retirement plan contributions significantly.

Salary Deferral Limits	2024	2025
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs	Lesser of $23,000 or 100% of compensation, plus $7,500 "catch up" if age 50 or older	Lesser of $23,500 or 100% of compensation, plus $7,500 "catch up" if age 50 or older AND $3,750 "super catch up" if age 60-63
SIMPLE 401(k) plans and SIMPLE IRA plans	Lesser of $16,000 or 100% of compensation, plus $3,500 "catch up" if age 50 or older	Lesser of $16,500 or 100% of compensation, plus $3,500 "catch up" if age 50 or older

IRA Contribution Limits	2024	2025
Traditional and Roth IRAs	Lesser of $7,000 or 100% of earned income, plus $1,000 "catch up" if age 50 or older	Lesser of $7,000 or 100% of earned income, plus $1,000 "catch up" if age 50 or older

Defined Contribution (qualified, 403(b), and SEP) Plan Limits	2024	2025
Annual total addition limit per participant*	Lesser of $69,000 or 100% (25% for SEP) of participant's compensation	Lesser of $70,000 or 100% (25% for SEP) of participant's compensation

Retirement plan compensation limits	2024	2025
Annual compensation that can be considered in calculations	$345,000	$350,000
Compensation threshold used to determine a highly compensated employee	$155,000 earned in 2023	$160,000 earned in 2024
Compensation threshold used to determine a key employee in a top-heavy plan	$1 for more-than-5% owners $220,000 for officers $150,000 for more-than-1% owners	$1 for more-than-5% owners $230,000 for officers $160,000 for more-than-1% owners

*Annual addition limit per participant includes all employer contributions and regular salary deferrals, but excludes any employee catch up contributions.

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What is the total 2025 salary deferral limit, including catch ups, for a 401(k) participant aged 62?

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Congratulations to our most recent gift card winner:

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For answers to previous issues' questions, visit **thecommco.com/commco-comments**

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Income phase-out* range for deductibility of Traditional IRA contributions	**2024**	**2025**
If covered by an employer plan and filing as:		
Single/Head of household	$77,000 - $87,000	$79,000 - $89,000
Married filing jointly	$123,000 - 143,000	$126,000 - $146,000
Married filing separately	$0 - $10,000	$0 - $10,000
If not covered by an employer plan, but filing joint return with a spouse who is covered by a plan	$230,000 - $240,000	$236,000 - $246,000

Income phase-out* range for ability to fund a Roth IRA	**2024**	**2025**
Single/Head of household	$146,000 - $161,000	$150,000 - $165,000
Married filing jointly	$230,000 - $240,000	$236,000 - $246,000
Married filing separately	$0 - $10,000	$0 - $10,000

A phase-out is the gradual reduction of a tax credit as a taxpayer approaches the income limit to qualify for that credit. If your income is below the bottom of the phase-out range, you may qualify for the full credit. If it is above the top of the range, you may not qualify for any of the credit. Incomes within the phase-out range may qualify for a partial credit, with the percentage of credit received generally decreased as income increases.