



# 2021 COST-OF-LIVING ADJUSTMENTS FOR QUALIFIED RETIREMENT PLANS

The government's annual cost-of-living adjustments (COLA) for 2021 have been announced by the Internal Revenue Service (IRS) and the Social Security Administration (SSA). The COVID-19 pandemic's continuing impact on the U.S. economy contributed to relatively flat changes in the 2021 COLA amounts as U.S. economic deflation during the first half of 2020 impacted the COLA metrics. The IRS increased the IRS annual compensation amounts, but limits for elective deferrals and catch-up contribution limits for age 50+ employees remained largely unchanged. The SSA's 1.3 percent increase in benefits is one of the smallest increases historically for Social Security and Supplemental Security Income beneficiaries. View the alert for key IRS COLA amounts and the SSA taxable wage base amounts.

CODE SECTION	2021	2020	2019	2018	2017
401(a)(17)/404(l) Annual Compensation	\$290,000	\$285,000	\$280,000	\$275,000	\$270,000
402(g)(1) Elective Deferrals	19,500	19,500	19,000	18,500	18,000
408(k)(2)(C) SEP Minimum Compensation	650	600	600	600	600
408(k)(3)(C) SEP Maximum Compensation	290,000	285,000	280,000	275,000	270,000
408(p)(2)(E) SIMPLE Maximum Contributions	13,500	13,500	13,000	12,500	12,500
409(o)(1)(C)(ii) ESOP Limits	1,165,000 230,000	1,150,000 230,000	1,130,000 225,000	1,105,000 220,000	1,080,000 215,000
414(q)(1)(B) HCE Threshold	130,000	130,000	125,000	120,000	120,000
414(v)(2)(B)(i) Catch-up Contributions	6,500	6,500	6,000	6,000	6,000
414(v)(2)(B)(ii) Catch-up Contributions	3,000	3,000	3,000	3,000	3,000
415(b)(1)(A) DB Limits	230,000	230,000	225,000	220,000	215,000
415(c)(1)(A) DC Limits	58,000	57,000	56,000	55,000	54,000
416(i)(1)(A)(i) Key Employee	185,000	185,000	180,000	175,000	175,000
457(e)(15) Deferral Limits	19,500	19,500	19,000	18,500	18,000
1.61-21(f)(5)(i) Control Employee	115,000	115,000	110,000	110,000	105,000
1.61-21(f)(5)(iii) Control Employee	235,000	230,000	225,000	220,000	215,000
219(b)(5)(A) IRA Contribution Limit	6,000	6,000	6,000	5,500	5,500
219(b)(5)(B) IRA Catch-Up Contributions	1,000	1,000	1,000	1,000	1,000
Taxable Wage Base for Social Security	142,800	137,700	132,900	128,700	127,200

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