



2020 COST-OF-LIVING ADJUSTMENTS FOR QUALIFIED RETIREMENT PLANS

The Internal Revenue Service (IRS) and the Social Security Administration (SSA) have each announced 2020 cost-of-living adjustments (COLA). The IRS adjustments increased annual compensation amounts and limits for elective deferrals as well as catch-up contribution limits for age 50+ employees, but other catch-up contribution limits remain unchanged. Those receiving Social Security and Supplemental Security Income benefits will receive a 1.6 percent increase in benefits effective January 2020. The SSA also announced an increase in the taxable wage base (that is, the maximum amount of earnings subject to Social Security tax) for 2020. The table below highlights selected IRS COLA amounts for 2020 and prior years as well as the SSA taxable wage base amounts for similar periods.

CODE SECTION	2020	2019	2018	2017	2016
401(a)(17)/404(l) Annual Compensation	\$285,000	\$280,000	\$275,000	\$270,000	\$265,000
402(g)(1) Elective Deferrals	19,500	19,000	18,500	18,000	18,000
408(k)(2)(C) SEP Minimum Compensation	600	600	600	600	600
408(k)(3)(C) SEP Maximum Compensation	285,000	280,000	275,000	270,000	265,000
408(p)(2)(E) SIMPLE Maximum Contributions	13,500	13,000	12,500	12,500	12,500
409(o)(1)(C)(ii) ESOP Limits	1,150,000 230,000	1,130,000 225,000	1,105,000 220,000	1,080,000 215,000	1,070,000 210,000
414(q)(1)(B) HCE Threshold	130,000	125,000	120,000	120,000	120,000
414(v)(2)(B)(i) Catch-up Contributions	6,500	6,000	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	225,000	220,000	215,000	210,000
415(c)(1)(A) DC Limits	57,000	56,000	55,000	54,000	53,000
416(i)(1)(A)(i) Key Employee	185,000	180,000	175,000	175,000	170,000
457(e)(15) Deferral Limits	19,500	19,000	18,500	18,000	18,000
1.61-21(f)(5)(i) Control Employee	115,000	110,000	110,000	105,000	105,000
1.61-21(f)(5)(iii) Control Employee	230,000	225,000	220,000	215,000	215,000
219(b)(5)(A) IRA Contribution Limit	6,000	6,000	5,500	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	137,700	132,900	128,700	127,200	118,500

BDO ERISA PRACTICE

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