

November 3, 2013

IRS Announces 2014 Benefit Limits

On October 31, 2013 the IRS [announced](#) 2014 cost-of-living adjustments for annual contribution and other dollar limits affecting 401(k) and other retirement plans. The announcement had been delayed until the September 2013 Consumer Price Index for Urban Consumers (CPI-U) was available, which in turn was delayed by the government shutdown over the budget and debt ceiling debate. A modest 1.2% rise in the September CPI-U over 2013 left a number of the dollar limits unchanged for 2014, although a few limits have increased (citations are to the Internal Revenue Code).

Some limits that did not change for 2014 are as follows:

- Salary Deferral Limit for 401(k), 403(b), and 457 plans remains unchanged at \$17,500. The age 50 and up catch-up limit also remains unchanged at \$5,500 for a total contribution limit of \$23,000.
- The compensation threshold for “highly compensated employee” remained at \$115,000 for a second year in a row.
- Traditional and Roth IRA contributions and catch-up amounts remain unchanged at \$5,500 and \$1,000, respectively.
- SIMPLE 401(k) and IRA contribution limits remain at \$12,000.

Limits that did increase are as follows:

- Maximum total contribution to a 401(k) or other “defined contribution” plans under 415(c) increased from \$51,000 to \$52,000 (\$57,500 for employees aged 50 and older).
- Maximum amount of compensation on which contributions may be based under 401(1)(17) increased from \$255,000 to \$260,000.
- Maximum annual benefit under a defined benefit plan increased from \$205,000 to \$210,000.
- Social Security Taxable Wage Base increased from \$113,700 to \$117,000.
- The dollar limit defining “key employee” in a top-heavy plan increased from \$165,000 to \$170,000.

[http://www.irs.gov/uac/IRS-Announces-2014-Pension-Plan-Limitations;-Taxpayers-May-Contribute-up-to-\\$17,500-to-their-401\(k\)-plans-in-2014](http://www.irs.gov/uac/IRS-Announces-2014-Pension-Plan-Limitations;-Taxpayers-May-Contribute-up-to-$17,500-to-their-401(k)-plans-in-2014)