

IRS Announces 2024 Dollar Limits on Compensation and Benefits

EXECUTIVE SUMMARY

The Internal Revenue Service recently announced the annual cost-of-living adjustments to the dollar limits that will apply in 2024 to various employer-sponsored benefit plans. The 2024 limits are summarized in the table that follows on the next page.

Highlights of the changes include:

- A small increase in the amount employees can contribute annually to a 401(k), 403(b) or 457(b) plan, from \$22,500 to \$23,000.
- The amount of additional “catch-up contributions” employees age 50+ can contribute to a 401(k) or 403(b) plan remains the same at \$7,500.
- A \$3,000 increase in the total amount of combined employee and employer contributions that can be made on behalf of an employee under a defined contribution plan, from \$66,000 to \$69,000 (not counting any catch-up contributions).
- A \$15,000 increase in the amount of compensation that can be taken into account when computing plan contributions, from \$330,000 to \$345,000.
- A modest increase in the amount employees can contribute to a health savings account.

Order Your IslerDare 2024 Mousepad with Updated IRS Limits

We know that you, our valued clients and contacts, have come to rely on our annual mousepads reflecting the IRS dollar limits on various benefits, so that these limits are “at your fingertips”. If you would like to receive an IslerDare mousepad with the updated 2024 dollar limits on benefits, **please respond to Katie Segal by email at ksegal@islerdare.com, or by clicking the link below**, and let us know where you would like your 2024 mousepad to be sent in January.

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2024 Updated Limits

The table below highlights the key limits that will apply in 2024, as well as the limits that continue to be in place for the remainder of 2023.

Code Section	Limits	2024	2023
Elective Deferral Contributions			
§402(g)(1)(B)	401(k) and 403(b) Plans	\$23,000	\$22,500
§457(e)(15)(A)	457(b) Plans	\$23,000	\$22,500
§414(v)(2)(B)(i)	Age 50+ “Catch-Up” Contributions for 401(k)/403(b) Plans	\$7,500	\$7,500
Limits for Highly Compensated Employees			
§401(a)(17)(A)	Annual Compensation Includible in Plan	\$345,000	\$330,000
§414(q)(1)(B)(i)	“Highly Compensated Employee” Threshold	\$155,000	\$150,000
§416(i)(1)(A)(i)	“Key Employee/Officer” Threshold	\$220,000	\$215,000
Annual Contribution & Benefits Limits			
§415(b)(1)(A)	Defined Benefit Pension Plans	\$275,000	\$265,000
§415(c)(1)(A)	Defined Contribution Retirement Plans	\$69,000	\$66,000
Health Savings Account Annual Contribution Limits			
§223(b)(2)(A)	HSA Contributions for Individual Coverage	\$4,150	\$3,850
§223(b)(2)(B)	HSA Contributions for Family Coverage	\$8,300	\$7,750
Social Security Tax Wage Base		\$168,600	\$160,200

Additional Information

If you have questions regarding the 2024 dollar limits, or any other employee benefits matters, please contact any member of our Employee Benefits and Executive Compensation Group listed below.

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