




2025 Cost-of-Living Adjustments for Qualified Retirement Plans

BDO presents a highlights summary of the significant cost-of-living adjustments (COLA) effective for 2025. These adjustments recently announced by the Internal Revenue Service (IRS) and the Social Security Administration (SSA) have a wide-ranging impact, including the savings rate for retirement plans. All annual compensation amounts and limits for elective deferrals were increased, except for catch-up contribution limits. BDO will continue to provide updates on regulatory matters impacting retirement plans in the coming year — to sign up for BDO newsletters and other insights, visit the [ERISA Center of Excellence](#).

CODE SECTION	2025	2024	2023
401(a)(17) /404(l) Annual Compensation	\$350,000	\$345,000	\$330,000
402(g)(1) Elective Deferrals	\$23,500	\$23,000	\$22,500
408(k)(2)(C) SEP Minimum Compensation	\$750	\$750	\$750
408(k)(3)(C) SEP Maximum Compensation	\$350,000	\$345,000	\$330,000
408(p)(2)(E) SIMPLE Maximum Contributions	\$16,500	\$16,000	\$15,500
409(o)(1)(C)(ii) ESOP Limits	\$1,415,000	\$1,380,000	\$1,330,000
	\$280,000	\$275,000	\$265,000
414(q)(1)(B) HCE Threshold	\$160,000	\$155,000	\$150,000
414(v)(2)(B)(i) Catch-up Contributions	\$7,500	\$7,500	\$7,500
414(v)(2)(B)(ii) Catch-up Contributions	\$3,500	\$3,500	\$3,500
415(b)(1)(A) DB Limits	\$280,000	\$275,000	\$265,000
415(c)(1)(A) DC Limits	\$70,000	\$69,000	\$66,000
416(i)(1)(A)(i) Key Employee	\$230,000	\$220,000	\$215,000
457(e)(15) Deferral Limits	\$23,500	\$23,000	\$22,500
1.61-21(f)(5)(i) Control Employee	\$140,000	\$135,000	\$130,000
1.61-21(f)(5)(iii) Control Employee	\$285,000	\$275,000	\$265,000
Taxable Wage Base for Social Security	\$176,100	\$168,600	\$160,200

BDO works collaboratively with clients to test retirement plan limits while performing an audit of the qualified retirement plan. For more information about our ERISA audit services, plan administration and actuarial services, visit [BDO's Employee Benefit Plan Audits](#).

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