Smith Gambrell Russell

IRS Annual Cost-of-Living Adjustments – Employee Benefit Plan Limitations for 2026

Effective: January 1, 2026

The IRS has released the 2026 cost-of-living adjustments applicable to the dollar limitations on benefits and contributions of retirement plans and health and welfare benefit plans. We recommend plan sponsors update their systems and formulas to include the limits that have been adjusted.

Retirement Plan Limits	2026	2025	2024	2023
Elective Deferrals				
401(k) Contributions	**$24,500**	$23,500	$23,000	$22,500
403(b) Contributions	**$24,500**	$23,500	$23,000	$22,500
SIMPLE 401(k) Contributions	**$17,000**	$16,500	$16,000	$15,500
SIMPLE IRA Contributions	**$17,000**	$16,500	$16,000	$15,500
457 Contributions	**$24,500**	$23,500	$23,000	$22,500
Regular Catch-up Contributions (1)	**$8,000**	$7,500	$7,500	$7,500
Age 60-63 Catch-up Contributions	**$11,250**	$11,250	--	--
High FICA Wage Employee(2)	**$150,000**	--	--	--
Annual Additions				
Defined Benefit Annual Benefit	**$290,000**	$280,000	$275,000	$265,000
Defined Contribution	**$72,000**	$70,000	$69,000	$66,000
Annual Compensation Limit	**$360,000**	$350,000	$345,000	$330,000
Highly Compensated Employee (3)	**$160,000**	$160,000	$155,000	$150,000
Top-Heavy Key Employee (4)	**$235,000**	$230,000	$220,000	$215,000
FICA Taxable Wage Base				
Social Security (tax rate 6.2%)	**$184,500**	$176,100	$168,600	$160,200
Medicare (tax rate 1.45%)(5)	**No Limit**	No Limit	No Limit	No Limit
Health and Welfare Benefit Plan Limits	**2026**	**2025**	**2024**	**2023**
Health Care Flexible Spending Account	**$3,400**	$3,300	$3,200	$3,050
Dependent Care Flexible Spending Account	**$7,500/ $3,750**	$5,000/ $2,500	$5,000/ $2,500	$5,000/ $2,500
Contribution Limits for HSAs				
Single – Contribution to HSA	**$4,400**	$4,300	$4,150	$3,850
Family – Contribution to HSA	**$8,750**	$8,550	$8,300	$7,750
Catch-up Contribution (55+)	**$1,000**	$1,000	$1,000	$1,000
Limits for HSA Compatible HDHPs				
Single – Minimum Deductible	**$1,700**	$1,650	$1,600	$1,500
Single – Max Out-of-Pocket	**$8,500**	$8,300	$8,050	$7,500
Family – Minimum Deductible	**$3,400**	$3,300	$3,200	$3,000
Family – Max Out-of-Pocket	**$17,000**	$16,600	$16,100	$15,000

(1) The catch-up contribution limit for SIMPLE 401(k) and SIMPLE IRAs is $4,000; age 60-63 catch-up limit is $5,250.
(2) The catch-up contributions of an employee with FICA wages over this amount in 2025 must be made in the form of Roth after-tax contributions during 2026.
(3) An employee with compensation greater than (i) $160,000 in 2025 will be an HCE in 2026; (ii) $155,000 in 2024 was an HCE in 2025; and (iii) $150,000 in 2023 was an HCE in 2024.
(4) A "key employee" is any employee who, at any time during the plan year, is (i) an officer of the employer having annual compensation greater than $235,000 (as indexed); (ii) a more-than-5% owner of the employer; or (iii) a more-than-1% owner of the employer having annual compensation from the employer of more than $150,000.
(5) Employees pay an additional 0.9 percent on wages greater than $200,000 for individuals ($250,000 for married couples filing jointly).

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