

LEGAL UPDATE

AUSTIN BENEFITS GROUP



IRS Announces 2026 Retirement Plan Limits

The IRS has released Notice 2025-67, containing cost-of-living adjustments for 2026 that affect amounts employees can contribute to 401(k) plans and individual retirement accounts (IRAs).

Key Changes for 2026

The employee contribution limit for 401(k) plans in 2026 has increased to \$24,500, up from \$23,500 for 2025, and the employee contribution limit for IRAs in 2026 increased to \$7,500, up from \$7,000 for 2025.

Other key limits include the following:

- The **IRA catch-up contribution limit** for individuals aged 50 and over increase to **\$1,100**, up from \$1,000 for 2025 (this limit now includes an annual cost-of-living adjustment because of legislation enacted at the end of 2022, referred to as “SECURE 2.0”).
- The employee contribution limit for **SIMPLE IRAs and SIMPLE 401(k) plans** is increased to \$17,000, up from \$16,500. Pursuant to a change made in SECURE 2.0, individuals can contribute a higher amount to certain applicable SIMPLE retirement accounts—for 2026, this higher amount is **increased to \$18,100**, up from \$17,600.
- The limit used to define a “highly compensated employee” **remains unchanged at \$160,000**.
- The limit used to define a “key employee” is increased to **\$235,000**, up from \$230,000.
- The **annual limit for defined contribution plans** (for example, 401(k) plans, profit-sharing plans and money purchase plans) is increased to **\$72,000**, up from \$70,000.
- The **annual compensation limit** (applicable to many retirement plans) is increased to **\$360,000**, up from \$350,000.
- The **catch-up contribution limit** for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans and the federal government’s Thrift Savings Plan is **increased to \$8,000**, up from \$7,500. Under a change made in SECURE 2.0, a **higher catch-up contribution limit applies to participants ages 60-63**; these participants can contribute up to \$11,250 for 2026 (instead of \$8,000), which is **unchanged** from 2025.

The income ranges for determining eligibility to make deductible contributions to traditional IRAs, contribute to Roth IRAs and claim the Saver’s Credit (also known as the Retirement Savings Contributions Credit) also increased for 2026.

More Information

The IRS’s [news release](#) contains more details on the cost-of-living adjustments for 2026.