



Special Announcement

IRS ANNOUNCES RETIREMENT PLAN LIMITS FOR 2026



First Merchants
Private Wealth Advisors®

Dollar limitations on benefits and contributions for retirement & benefit plans released for 2026!

The IRS has announced the 2026 cost-of-living adjustments applicable to dollar limitations for retirement plans and other employee benefit plans. Changes made were to Annual Elective Deferral Limit (401(k), 403(b), 457), Annual DC Limit, Annual Compensation Limit (and Safe Harbor Contribution Limits), Definition of Highly Compensated Employee and Key Employee, SIMPLE Employee Deferral, SEP Annual Compensation, DB Plan Annual Benefit Limit, Social Security Taxable Wage Base, and the HSA Contribution Limit for an individual and family.

Retirement plans and other employee benefit plans are subject to dollar limitations that are adjusted annually for cost-of-living increases based on inflation data provided by the Bureau of Labor Statistics' annual release of the Consumer Price Index.

Effective January 1, 2026, the following limitations apply (changed limits are noted in **bold**):

401(k) Plan Limits	2026	2025	2024	2023	2022
401(k) Elective Deferrals	\$24,500	\$23,500	\$23,000	\$22,500	\$20,500
Catch-Up Contribution Limit at age 50	\$8,000	\$7,500	\$7,500	\$7,500	\$6,500
*Catch-Up Contribution Limit ages 60-63	\$11,250	\$11,250	-	-	-
Annual Defined Contribution Limit	\$72,000	\$70,000	\$69,000	\$66,000	\$61,000
Annual Compensation Limit	\$360,000	\$350,000	\$345,000	\$330,000	\$305,000
Safe Harbor Non-Elective Contribution	\$10,800	\$10,500	\$10,350	\$9,900	\$9,150
Basic Safe Harbor Match Contribution	\$14,400	\$14,000	\$13,800	\$13,200	\$12,200
Highly Compensated Employees	\$160,000	\$160,000	\$155,000	\$150,000	\$135,000
Key Employees – 1% Owners	\$160,000	\$150,000	\$150,000	\$150,000	\$150,000
Key Employees – Officers	\$235,000	\$230,000	\$220,000	\$215,000	\$200,000

Other Limits	2026	2025	2024	2023	2022
403(b) / 457 Elective Deferrals	\$24,500	\$23,500	\$23,000	\$22,500	\$20,500
Catch-Up Contribution Limit at age 50	\$8,000	\$7,500	\$7,500	\$7,500	\$6,500
*Catch-Up Contribution Limit ages 60-63	\$11,250	\$11,250	-	-	-
SIMPLE Employee Deferrals	\$17,000	\$16,500	\$16,000	\$15,500	\$14,000
SIMPLE Catch-Up Deferral	\$3,500	\$3,500	\$3,500	\$3,500	\$3,000
SEP Minimum Compensation	\$800	\$750	\$750	\$750	\$650
SEP Annual Compensation Limit	\$360,000	\$350,000	\$345,000	\$330,000	\$305,000
DB Plan Annual Benefit Limit	\$290,000	\$280,000	\$275,000	\$265,000	\$245,000
Social Security Taxable Wage Base	\$184,500	\$176,100	\$168,600	\$160,200	\$147,000
IRA Contribution Limit	\$7,500	\$7,000	\$7,000	\$6,500	\$6,000
IRA Catch-Up Contribution Limit	\$1,100	\$1,000	\$1,000	\$1,000	\$1,000
Health Savings Account - Individual	\$4,400	\$4,300	\$4,150	\$3,850	\$3,650
Health Savings Account (HSA) – Family	\$8,750	\$8,550	\$8,300	\$7,750	\$7,300
HSA – Catch-Up at age 55	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

For assistance or questions related to applying the 2026 retirement plan limitations, or any other retirement plan issue, please contact 800-543-5014.

*Catch-Up Contribution Limit ages 60-63 is optional as decided by the plan sponsor.

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