

EB Flash: IRS Announces 2020 Retirement Plan Limits

Employee Benefits Alert

11.06.2019

The Internal Revenue Service (IRS) today issued [Notice 2019-59](#), which provides inflation-adjusted dollar limits for retirement plans for 2020.

The following highlights some of the key tax-qualified plan changes for 2020:

• **Defined Contribution Plan Limits**

- *Annual Addition Limit:* The annual Section 415(c) limit for all contributions to an employee's defined contribution plan account is increased from \$56,000 to \$57,000.
- *Elective Deferral Limit:* The contribution limit for employees who participate in Section 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased from \$19,000 to \$19,500.
- *Catch-up Contribution Limit:* The catch-up contribution limit for employees aged 50 and over who participate in these plans is increased from \$6,000 to \$6,500.

• **Defined Benefit Plan Limits**

- *Annual Benefit Limit:* The annual Section 415(b) "dollar" limit is increased from \$225,000 to \$230,000.
- **Annual Compensation Limit:** The annual compensation limit under Section 401(a)(17) is increased from \$280,000 to \$285,000.
- **Highly Compensated Employee Threshold:** The amount of compensation used to determine which employees are "highly compensated employees" under Section 401(a)(17) is increased from \$125,000 to \$130,000. Under the look-back rule, employees would be highly compensated in 2020 if they received compensation in excess of the \$125,000 limit in 2019. This limit does not impact employers who elected to use the top-paid group (top 20% ranked by compensation) test for determining highly compensated employee status.

The four-page text of Notice 2019-59 is [posted here](#).

A press release issued by the IRS announcing the 2020 updates is [posted here](#).

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