

IRS 2025 Deferred Compensation Contribution Limits

The Internal Revenue Service (IRS) has announced an increase in the maximum deferral limit for **401(k)**, **457(b)**, and **403(b)** plans for **2025**:

To summarize the key points:

1) 2025 IRS Contribution Limit Increases:

- For employees **under 50**: The deferral limit will increase from **\$23,000 to \$23,500**.
- For employees **50 and older**: The limit will be **\$31,000** (including a \$7,500 catch-up contribution).

2) Combined Contribution Limits:

- Employees can contribute up to **\$23,500** each to both **401(k)** and **457(b)**, for a total of **\$47,000** (or 100% of includible compensation, whichever is less).
- For employees 50+, the combined limit will be **\$62,000**.

3) Catch-Up Contributions:

- For employees aged **60–63**, the maximum catch-up contribution for 401(k), 403(b), and 457(b) plans will be **\$11,250** (greater of \$10,000 or 150% of the regular catch-up limit).

Employees can maximize their supplemental retirement contributions by contributing the annual limit to both the 457(b) and the 403(b)/401(k) combined.