

**THE LAW OFFICE OF
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2021 COLAS FOR PENSION AND RETIREMENT PLANS

In Notice 2020-79, the IRS announced the 2021 cost-of-living adjustments (“COLAs”) pertaining to retirement plan limits. The COLAs are effective *1/1/21*. Some of the more common COLAs are as follows:

<u>Item</u>	<u>IRC Section</u>	<u>2021 Amount</u>	<u>2020 Amount</u>
(1) Maximum Limitation on the Annual Benefit for a Defined Benefit Plan	415(b)(1)(A)	\$230,000	\$230,000
(2) Maximum Limitation on the Annual Addition for a Defined Contribution Plan	415(c)(1)(A)	\$58,000	\$57,000
(3) Annual Compensation Limit	401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii)	\$290,000	\$285,000
(4) Limitation used in the Definition of Highly Compensated Employee	414(q)(1)(B)	\$130,000	\$130,000
(5) Dollar Limitation regarding the Definition of Key Employee in a Top-Heavy Plan	416(i)(1)(A)(i)	\$185,000	\$185,000
(6) Limitation on the Exclusion for Elective Deferrals (e.g., 401(k) Plans)	402(g)(1)	\$19,500	\$19,500

(7) Dollar Limitation for Catch-Up Contributions to an Applicable Employer Plan other than a Simple 401(k) Plan or SIMPLE Retirement Account for Individuals Aged 50 or Over	414(v)(2)(B)(i)	\$6,500	\$6,500
(8) Dollar Limitation for Catch-Up Contributions to a Simple 401(k) Plan or SIMPLE Retirement Account for Individuals Aged 50 or Over	414(v)(2)(B)(ii)	\$3,000	\$3,000
(9) Compensation Amount for SEPs	408(k)(2)(C)	\$650	\$600
(10) Compensation Amount for SIMPLE Retirement Accounts	408(p)(2)(E)	\$13,500	\$13,500
(11) Limit on Annual Contributions to an IRA and Roth IRA	219(b)(5)(A)	\$6,000	\$6,000
(12) Additional IRA Catch-Up Contribution Limit for Individuals Age 50 and Over (Not Subject to a COLA)	219(b)(1)(B)	\$1,000	\$1,000