



2026 Cost-of-Living Adjustments for Retirement Plans and FSAs

The Internal Revenue Service announced the following annual limits for retirement and welfare plans for 2026. The employee elective deferral limit to 401(k), 403(b), and 457(b) plans will increase from \$23,500 to \$24,500, and catch-up contributions increase from \$7,500 to \$8,000.

Dollar Limit	2025	2026
Defined Benefit Plan Annual Benefit: I.R.C. Section 415(b)(1)(A)	\$ 280,000	\$ 290,000
Defined Contribution Plan Annual Contribution: I.R.C. Section 415(c)(1)(A)	\$ 70,000	\$ 72,000
401(k)/403(b) Elective Deferral: I.R.C. Section 402(g)(1)	\$ 23,500	\$ 24,500
I.R.C. Section 457(b) Deferred Compensation Plan: (State and Local Governments and Tax Exempt Organizations) I.R.C. Section 457(e)(15)	\$ 23,500	\$ 24,500
Age 50 or Older Catch-Up Contribution: I.R.C. Section 414(v)(2)(B)(i)	\$ 7,500	\$ 8,000
Special Age 60-63 Catch-Up Contribution: I.R.C. Section 414(v)(2)(E)(i)	\$ 11,250	\$ 11,250
Annual Compensation: I.R.C. Sections 401(a)(17) and 404(l)	\$ 350,000	\$ 360,000
Highly Compensated Employee: I.R.C. Section 414(q)(1)(B)	\$ 160,000	\$ 160,000
Roth Catch-Up Wage Threshold: I.R.C. Section 414(v)(7)(A) ¹	\$ 145,000	\$ 150,000
ESOP Account Balance for 5-year Distribution Period: I.R.C. Section 409(o)(1)(C)(ii)	\$ 1,415,000	\$ 1,455,000
ESOP Minimum Payment to Extend Distribution Period: I.R.C. Section 409(o)(1)(C)(ii)	\$ 280,000	\$ 290,000
Employee Contribution Limit to Health FSAs: I.R.C. Section 125(i)	\$ 3,300	\$ 3,400
Health FSA Carry-Over Limit:	\$ 660	\$ 680

¹The Roth catch-up wage threshold for 2025, which under Section 414(v)(7)(A) is used to determine whether an individual's catch-up contributions to an applicable employer plan (other than a plan described in Section 408(k) or (p)) for 2026 must be designated as Roth contributions, is increased from \$145,000 to \$150,000.

The content herein is provided for educational and informational purposes only and does not contain legal advice. Please contact our office if you have any questions about compliance requirements applicable to your employee benefit plans or other HR compliance matters.

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