

## Cost-of-Living Adjustments for the Year 2026

Item	2025	2026
<b>401(k) &amp; 403(b) Salary Deferral Limit</b>		<i>(increased)</i>
This is the maximum amount a participant can contribute under IRC 402(g) during a calendar year. This maximum includes all salary deferrals made to all plans under which the employee participates during a year. Generally, the maximum amount is reduced if the participant has received a hardship withdrawal in the prior year.	\$23,500/Calendar Year	\$24,500/Calendar Year
<b>SIMPLE IRA Deferral Limit</b>		<i>(increased)</i>
The maximum amount of compensation under IRC 408(p) (2), which an employee may elect to defer under a SIMPLE Plan.	\$16,500/Calendar Year	\$17,000/Calendar Year
<b>IRC 457 Deferral Limit</b>		<i>(increased)</i>
This is the maximum limit on deferrals and certain deferred compensation plans of state and local governments and tax-exempt organizations.	\$23,500/Calendar Year Catch-Up \$7,500	\$24,500/Calendar Year Catch-Up \$8,000
<b>Catch-Up Contribution Limit</b>		<i>(increased)</i>
Employees aged 50 or older may be able to contribute additional amounts above the 401(k) & 403(b) salary deferral limit under IRC 402(g) or the plan's salary deferral limit. This is the maximum amount a participant can contribute as a catch-up contribution under IRC 414(v) during a calendar year.	\$7,500/Calendar Year (\$3,850 for IRAs and SIMPLEs for small employers) Additional \$\$ if 60-63	\$8,000/Calendar Year (\$4,000 for IRAs and SIMPLEs for small employers) Additional \$\$ if 60-63
<b>Highly Compensated Employee</b>		<i>(unchanged)</i>
<ul style="list-style-type: none"> <li>• Employees who earn more than. . .</li> <li>• Employee who is part of the top-paid 20 percent* and earns more than. . .</li> </ul>	\$160,000 in 2025 Plan Year \$160,000 in 2025 Plan Year	\$160,000 in 2026 Plan Year \$160,000 in 2026 Plan Year
*This only applies if the Employer elects to utilize the top paid 20 percent rule and will only have an impact if the over 20 percent earn over the applicable compensation limit. <b>Note:</b> Fiscal year plans may elect a calendar year basis for this limit.		
<b>Maximum Compensation</b>		<i>(increased)</i>
This is the IRC 401(a) (17) maximum amount of compensation that is taken into account when determining contributions/benefits and the maximum deductible amount under qualified plans.	\$350,000/Plan Compensation Computation Year	\$360,000/Plan Compensation Computation Year
<b>Key Employee</b>		<i>(increased)</i>
Certain officers and owners are considered key employees for top heavy purposes. Only officers who earn over the applicable compensation levels are considered key employees.	\$230,000/Plan Year	\$235,000/Plan Year
<b>Defined Benefit Maximum Annual Benefit</b>		<i>(increased)</i>
This is the IRC 415(b) maximum annual benefit a participant can receive under a defined benefit plan. This maximum may be further reduced depending on such factors as the participant's age, salary and years of participation/service.	\$275,000/Limitation Year Ending	\$290,000/Limitation Year Ending
<b>Maximum Annual Contribution</b>		<i>(increased)</i>
This is the maximum annual contribution that can be made to a participant's account under a defined contribution plan in accordance with IRC 415(c). <i>Note: Compensation includes salary reductions made to a 401(k) plan, cafeteria plan, etc.</i>	Lesser of: \$70,000 or 100% of Gross Limitation Year Compensation	Lesser of: \$72,000 or 100% of Gross Limitation Year Compensation
<b>Social Security Taxable Wage Base</b>		<i>(increased)</i>
This is the maximum amount of earnings subject to Social Security taxes. Wages up to the Social Security Taxable Wage Base are taxed at 6.20 percent. The Medicare portion of the tax (1.45 percent) applies to all wages. The Social Security Taxable Wage Base is frequently the figure used under "integrated" plans where benefits or contributions are provided at a higher rate for those earning over a certain level, typically the Social Security Taxable Wage Base.	\$176,100/Calendar Year	\$183,600/Calendar Year
<b>Minimum Compensation Limits for SEP Eligibility</b>		<i>(increased)</i>
This is the IRC 408(k) (2) (C) annual compensation limit above which an employee who meets certain other requirements must participate in an Employer's SEP plan.	\$750/Calendar Year	\$800/Calendar Year
<b>Transportation Benefits</b>		<i>(increased)</i>
These are the maximum limits permitted under IRC Section 132(f). <ul style="list-style-type: none"> <li>• Mass-Transit and Vanpooling</li> <li>• Parking</li> </ul>	\$325/Month \$325/Month	\$340/Month \$340/Month
<b>Adoption Assistance Exclusion/Adoption Credit</b>		<i>(increased)</i>
The amount that may be excluded from an employee's gross income for the adoption of a child under the employer-provided adoption assistance program Code Section 137.	\$17,280	\$17,670
<b>Health Flexible Spending Account (FSA)</b>		<i>(increased)</i>
Annual limit for health FSAs (including general-purpose and limited-purpose health FSAs). Any carryover will not count against or affect the salary reduction limit. <ul style="list-style-type: none"> <li>• Annual limit for FSA carryover.</li> </ul>	\$3,300 \$660	\$3,400 \$680
<b>Qualified Small Employer Health Reimbursement Arrangement (QSEHRA)</b>		<i>(increased)</i>
Total amount of payments and reimbursements for any year cannot exceed: <ul style="list-style-type: none"> <li>• Individuals</li> <li>• Families</li> </ul>	\$6,350 \$12,800	\$6,450 \$13,100
<b>HSA</b>		<i>(increased)</i>
Individuals and/or employers can contribute tax-deductible funds each year subject to caps as follows: <ul style="list-style-type: none"> <li>• Individuals</li> <li>• Families</li> <li>• Catch-Up contributions for individuals who are 55 or older (Provided for under IRC Section 223 (b)(3))</li> <li>• Minimum deductible amounts for qualifying HDHP - Individual</li> <li>• Minimum deductible amounts for qualifying HDHP - Family</li> </ul>	<b>2025</b> \$4,300 \$8,550 \$1,000 \$1,650 \$3,300	<b>2026</b> \$4,400 \$8,750 \$1,000 \$1,700 \$3,400

\* For further information, call Daniel Jacobs at (802) 865-0239.