

The IRS has announced the cost-of-living adjustments (COLAs) to the dollar limits on benefits and contributions under qualified retirement plans, as well as other items, for tax year 2026. Highlights of those adjustments are below.

- The limitation for elective deferrals to **401(k) and 403(b) or 457 plans** increases to \$24,500 (from \$23,500 in 2025). Catch-up contributions for individuals age 50 or over increased to \$8,000. “Super” Catch up for persons who attain age 60, 61, 62, or 63 in 2026 is \$11,250. **NEW for 2026:** Individuals earning more than \$150,000 must defer the catch up amount to ROTH (post tax) due to SECURE ACT 2.0 legislation.
- The limitation for elective deferrals to **SIMPLE** retirement accounts increases to \$17,000 (from \$16,500 in 2025). ****Catch-up** contributions for individuals age 50 or over increases to \$4,000. “Super” Catch up for persons who attain age 60, 61, 62, or 63 in 2026 is \$5250.
- ****PLEASE NOTE.** The catch up for SIMPLE plans can now be based on the employer size please check your plan document or with your investment company for the limits on your plan.
- The limit on annual contributions to an Individual Retirement Arrangement and state run plans such as IL Secure Choice/CalSavers, is \$7,500. The additional catch-up contribution limit for individuals age 50 is \$1,100.

How we will proceed...

In years past we often would automatically move your (or your staff's) deduction to the new max allowable amount if you were maxing in the prior year.

With the vast number of changes for 2025 and 2026 we will **not** make automatic adjustments. You will need to let your payroll processor know your goals for 2026. Here is some wording you can use to easily communicate this with us:

401k/403b

1. Please max my 401k for below age 50 & Identify traditional (pretax) or Roth
2. Please max my 401k for over age 50 & Identify traditional (pretax) or Roth
3. Please max my 401k for age 60-63 & Identify traditional (pretax) or Roth

SIMPLE-for this you need to check your plan document about employer size limits or speak with your retirement/investment company

1. Please max my SIMPLE for below age 50
Identify traditional (pretax) or Roth
Identify small employer limits or large employer limits
2. Please max my SIMPLE for over age 50
Identify traditional (pretax) or Roth
Identify small employer limits or large employer limits
3. Please max my SIMPLE for age 60-63
Identify traditional (pretax) or Roth
Identify small employer limits or large employer limits