

Employee Benefit Plans Alert

2023 Cost of Living Adjustments

By Louis F. LiBrandi, Principal

Plan sponsors should review the cost of living adjustments (COLAs) to determine what, if any, changes need to be communicated to employees by means of orientation meetings and enrollment forms. In addition, the amounts may need to be updated and/or input into the payroll or other human resources information systems used by the employer to monitor contributions made to an employee benefit plan.

The table below contains the dollar limitation for retirement plans and other benefit plan limits and thresholds for the 2021 through 2023 tax years. In 2023 most of the amounts have been increased.

Cost of Living Adjustments	Limits		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Retirement Plans</u>			
402(g) Elective Deferrals. Maximum salary-reduction contribution; 401(k), 403(b) and 457(b) plans.	\$22,500	\$20,500	\$19,500
Catch-up Contributions. Age 50 or older additional salary reduction contributions; 401(k), 403(b), government 457(b) plans.	\$7,500	\$6,500	\$6,500
401(a)(17) Compensation Limit. Ceiling for using compensation to determine benefits in a qualified retirement plan.	\$330,000	\$305,000	\$290,000
415(m) Maximum dollar amount for a defined contribution plan (excludes catch-up).	\$66,000	\$61,000	\$58,000
Highly Compensated Employee (HCE). Compensation earned in a prior year is used to determine if a participant is a HCE.	\$150,000	\$135,000	\$130,000
Key Employee. Minimum compensation for an officer to be treated as a "key employee."	\$215,000	\$200,000	\$185,000
<u>Social Security Wage Base</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>

Social Security Taxable Wage Base.	\$160,200	\$147,000	\$142,800
<u>Welfare Plans</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Health FSA Contribution Limit.	\$3,050	\$2,750	\$2,750
HSA Contribution Limit – Single.	\$3,850	\$3,650	\$3,600
HSA Contribution Limit – Family.	\$7,750	\$7,300	\$7,200
Catch-up Contributions. Age 55 or older.	\$1,000	\$1,000	\$1,000

Contact Us

The Employee Benefit Services Group at PKF O’Connor Davies is available to assist employers with all aspects of employee benefit plan compliance. For more information, please contact your client services partner or either of the following:

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