

# 2025 Retirement Plan Contribution Limits

The Treasury Department announced the inflation-adjusted figures for retirement account savings for 2025, and there's extra room for savings for wage- and salary-earners and the self-employed. If you have a 401(k), a SEP-IRA, or a SIMPLE you have the option, if you can swing it, to bump your contributions to the new max. Contact your Klaas Financial representative for more information. **Here are the details.**

| Item   | IRC Reference      | 2024 Limit | 2025 Limit |
|--|--------------------|------------|------------|
| 401(k) and 403(b) Employee Deferral Limit <sup>1</sup> | 402(g)(1)          | \$23,000   | \$23,500   |
| 457 Employee Deferral Limit                            | 457(e)(15)         | \$23,000   | \$23,500   |
| Catch-Up Contribution: Over age 50 <sup>2</sup>        | 414(v)(2)(B)(i)    | \$7,500    | \$7,500    |
| Catch-up Contribution: Age 60,61,62 or 63 <sup>3</sup> | 414(v)(2)(E)(i)    |            | \$11,250   |
| SIMPLE IRA Contribution Dollar Limit <sup>4</sup>      | 408(p)             | \$16,000   | \$16,500   |
| SIMPLE IRA Catch-Up Contribution <sup>4</sup>          | 408(p)             | \$3,500    | \$3,500    |
| Defined Contribution Dollar Limit                      | 415(c)(1)(A)       | \$69,000   | \$70,000   |
| Defined Benefit Dollar Limit                           | 415(b)(1)(A)       | \$275,000  | \$280,000  |
| Compensation Limit <sup>5</sup>                        | 401(a)(17); 404(l) | \$345,000  | \$350,000  |
| Highly Compensated Employee Income Limit <sup>6</sup>  | 414(q)(1)(B)       | \$155,000  | \$160,000  |
| Key Employee Officer                                   | 416(i)(1)(A)(i)    | \$220,000  | \$230,000  |
| Social Security Taxable Wage Base                      |                    | \$168,600  | \$176,100  |

<sup>1</sup> Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit. A lower limit applies to SIMPLE plans.

<sup>2</sup> Available to employees age 50 or older during the calendar year. A lower limit applies to SIMPLE plans. See separate information in table regarding SIMPLE IRAs.

<sup>3</sup> Higher amount available to employees who attain age 60,61,62 or 63 during the calendar year. A lower limit applies to SIMPLE plans. See separate information in table regarding SIMPLE IRAs.

<sup>4</sup> The SIMPLE IRA deferral limit and the age 50 catch-up contribution limit for employees may increase by 10% for employers with no more than 25 employees. Employers with 26-100 employees may provide the higher deferral limits to employees only if they offer a 4% matching or 3% nonelective contribution.

<sup>5</sup> All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.

<sup>6</sup> For the 2025 plan year, an employee who earns more than \$155,000 in 2024 is an HCE. For the 2026 plan year, an employee who earns more than \$160,000 in 2025 is an HCE.

Information gathered from [irs.gov](https://www.irs.gov), where you can obtain [additional information](#).

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**Qualified Retirement Plans.** The annual contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan, is \$23,500 for 2025, up from \$23,000 in 2024.

**Catch-Up Contributions.** The catch-up contribution limit for qualified retirement plans for employees age 50 or older remains \$7,500 in 2025. Even if you don't turn 50 until Dec. 31, 2025, you can make the additional \$7,500 catch-up contribution for the calendar year. A higher catch-up contribution amount of \$11,500 is available for an employee turning 60, 61, 62 or 63 in 2025.

**SEP IRAs and Solo 401(k)s.** For the self-employed and small business owners, the amount they can save in 2025 in a SEP IRA or a solo 401(k) is \$70,000, up from \$69,000 in 2024. That's based on the amount they can contribute as an employer, as a percentage of their salary; the new compensation limit used in the savings calculation is \$350,000 in 2025, up from \$345,000 in 2024.

**The SIMPLE IRA.** The contribution limit on SIMPLE retirement accounts is \$16,500 in 2025, up from \$16,000 in 2024, and the catch-up limit for employees age 50 or older will remain at \$3,500 for 2025. A higher catch-up contribution amount of \$5,250 is available for an employee turning 60, 61, 62 or 63 in 2025.

**Defined Benefit Plans.** The limitation on the annual benefit of a defined benefit plan is \$280,000 in 2025, up from \$275,000 in 2024. These are powerful pension plans (an individual version of the kind that used to be more common in the corporate world before 401(k)s took over) for the high-earning self-employed.

**IRAs.** The limit for annual contributions to an Individual Retirement Account remains at \$7,000 for 2025, and the catch-up contribution limit remains \$1,000. Remember that 2024 IRA contributions can be made until April 15, 2025.

**Deductible IRA phase-outs.** You can earn a little more in 2025 and get to deduct your contributions to a traditional pre-tax IRA. Note, even if you earn too much to get a deduction for contributing to an IRA, you can still contribute; it's just non-deductible.

In 2025, the deduction for taxpayers making contributions to a traditional IRA is phased out for singles and heads of household who are covered by a workplace retirement plan and have modified adjusted gross incomes (MAGI) between \$79,000 and \$89,000, up from \$77,000 and \$87,000 in 2024. For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out range is \$126,000 to \$146,000, up from \$123,000 to \$143,000 in 2024. For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$236,000 and \$246,000, up from \$230,000 to \$240,000 in 2024. For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.

**Roth IRA phase-Outs.** In 2025, the MAGI phase-out range for taxpayers making contributions to a Roth IRA is \$236,000 to \$246,000 for married couples filing jointly, up from \$230,000 to \$240,000 in 2024. For singles and heads of household, the income phase-out range is \$150,000 to \$165,000, up from \$146,000 to \$161,000 in 2024.

If you earn too much to open a Roth IRA, you can open a nondeductible IRA and convert it to a Roth IRA as Congress lifted any income restrictions for Roth IRA conversions. To learn more about the backdoor Roth, see *How high earners can funnel money to a Roth IRA*. (<https://www.cnn.com/2024/09/05/how-high-earners-can-use-a-backdoor-roth-ira.html>).

**The Saver's Credit.** The 2025 MAGI limit for the saver's credit (also known as the retirement savings contribution credit) for low- and moderate-income workers is \$79,000 for married couples filing jointly, up from \$76,500 in 2024; \$59,250 for heads of household, up from \$57,375; and \$39,500 for married individuals filing separately and for singles, up from \$38,250 in 2024

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