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MERCER PROJECTS 2020 RETIREMENT PLAN LIMITS

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Key Internal Revenue Code (IRC) limits for qualified retirement plans will increase modestly in 2020, Mercer projects. However, the 415(c) maximum annual addition and the 401(a)(17) limit on retirement plan compensation are so close to the rounding breakpoint that significant inflation during the next few months could send the limits higher.

These estimates are determined using the Code's cost-of-living adjustment and rounding methods, the Consumer Price Index for All Urban Consumers (CPI-U) through May, and estimated CPI-U values for June–September. Qualified plan limits are based on the year-to-year increase in the third-quarter CPI-U, so figures can't be finalized until after September CPI-U values are published in October. The IRS is expected to announce official 2020 limits for retirement and other benefit-related purposes in late October.

IRC RETIREMENT PLAN LIMIT	PROJECTED 2020	2019
401(k), 403(b) and eligible 457 plan elective deferrals (and designated Roth contributions)	\$19,500	\$19,000
414(v)(2)(B)(i) catch-up contributions (plans other than SIMPLE plans)	6,500	6,000
415(b) defined benefit maximum annuity	230,000	225,000
415(c) defined contribution maximum annual addition	57,000*	56,000
401(a)(17) and 408(k)(3)(C) compensation	285,000**	280,000
414(q)(1)(B) highly compensated employee and 414(q)(1)(C) top-paid group	130,000	125,000
416(i)(1)(A)(i) officer compensation for top-heavy plan key employee	185,000	180,000
* Unrounded projected limit is close enough to the rounding breakpoint that significant inflation could increase the limit by \$1,000.		
** Unrounded projected limit is close enough to the rounding breakpoint that significant inflation could increase the limit by \$5,000.		

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- [Quick Benefit Facts](#) (March 18, 2019)
- [Summary of 2019 Benefit-Related Cost-of-Living Adjustments](#) (March 18, 2019)
- [Quick Benefit Facts and COLA Resources for Benefit Plans](#) (2017–2019)

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