



Mercer projects 2022 retirement plan limits will soar

*By Margaret Berger and James Chakan
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Almost every key Internal Revenue Code (IRC) limit for qualified retirement plans will increase significantly in 2022, Mercer projects. The 2022 limits will reflect increases in the Consumer Price Index for All Urban Consumers (CPI-U) from the third quarter 2020 to the third quarter 2021. Using this measure, inflation will likely reach its highest level since 2008 — possibly since 1990 — and cause some limits to rise by the equivalent of up to three years' worth of ordinary increases. Only the catch-up contribution limit, which has a relatively large rounding value, is expected to stay the same next year.

These estimates are determined using the tax code's cost-of-living adjustment and rounding methods, the CPI-U through July, and estimated CPI-U values for August and September. Figures can't be finalized until after September CPI-U values are published in October. IRS usually announces official limits for the coming year in late October or early November.

Despite the volatile economic environment, these values should hold unless August and September inflation is exceptionally high or reverses (i.e., inflation shifts to deflation).

IRC retirement plan limit	Projected 2022	2021
401(k), 403(b) and eligible 457 plan elective deferrals (and designated Roth contributions)	\$20,500	\$19,500
414(v)(2)(B)(i) catch-up contributions (plans other than SIMPLE plans)	6,500	6,500
415(b) defined benefit plan maximum annuity	245,000	230,000
415(c) defined contribution plan maximum annual addition	61,000	58,000
401(a)(17) and 408(k)(3)(C) compensation	305,000	290,000
414(q)(1)(B) highly compensated employee and 414(q)(1)(C) top-paid group	135,000	130,000
416(i)(1)(A)(i) officer compensation for top-heavy plan key employee	200,000*	185,000

* With no further inflation after July, this limit would only rise to \$195,000

Mercer Law & Policy resources

- [Quick benefit facts for 2021](#) (Jan. 21, 2021)
- [Summary of 2021 benefit-related cost-of-living adjustments](#) (Jan. 21, 2021)
- [Quick benefit facts and COLA resources for benefit plans](#) (2017-2021)

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