

Law & Policy Group

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Mercer projects record increases for 2023 retirement plan limits

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All key Internal Revenue Code (IRC) limits for qualified retirement plans will rise by unprecedented amounts from 2022 to 2023, Mercer projects. The 2023 limits will reflect increases in the Consumer Price Index for All Urban Consumers (CPI-U) from the third quarter of 2021 to the third quarter of 2022. Using this measure, inflation is projected to reach its highest level since indexing began, causing 7%–11% increases for most limits, based on their rounding levels. In addition, the non-SIMPLE plan catch-up limit — which has a large rounding threshold — will jump more than 15%. These record hikes come on the heels of 2021’s increases, which were the second highest ever at that time.

Mercer’s estimates are determined using the tax code’s cost-of-living adjustment and rounding methods, the CPI-U through June, and estimated CPI-U values for July, 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.

IRC retirement plan limit	Projected 2023	2022
401(k), 403(b) and eligible 457 plan elective deferrals (and designated Roth contributions)	\$22,500	\$20,500
414(v)(2)(B)(i) catch-up contributions (plans other than SIMPLE plans)	7,500	6,500
415(b) defined benefit plan annuity	265,000	245,000
415(c) defined contribution plan annual addition	67,000*	61,000
401(a)(17) and 408(k)(3)(C) compensation	335,000†	305,000
414(q)(1)(B) highly compensated employee and 414(q)(1)(C) top-paid group	150,000	135,000
416(i)(1)(A)(i) officer compensation for top-heavy plan key employee	215,000	200,000

* Limit will be \$66,000 if inflation is less than 0.25% per month for July, August and September.

† Limit will be \$330,000 if inflation is less than 0.25% per month for July, August and September.

Mercer Law & Policy resources

- [Quick benefit facts for 2022](#) (Jan. 19, 2022)
- [Summary of 2022 benefit-related cost-of-living adjustments](#) (Jan. 19, 2021)
- [Quick benefit facts and COLA resources for benefit plans](#) (2017–2022)

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