



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.

This updated article reflects the final CPI-U values for July, August and September. The table below shows Mercer’s calculation of the limits. 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	66,000	61,000
401(a)(17) and 408(k)(3)(C) compensation	330,000	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

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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