

EJReynolds – 2027 Retirement Plan Limits

Contribution Restrictions	2027	2026	2025	2024	2023
Defined Contribution Maximum Contribution	$75,000	$72,000	$70,000	$69,000	$66,000
Defined Benefit Maximum Benefit at Retirement	$300,000	$290,000	$280,000	$275,000	$265,000
Annual Compensation Limit	$375,000	$360,000	$350,000	$345,000	$330,000
401(k), 403(b) and 457 Plan Maximum Deferrals	$25,500	$24,500	$23,500	$23,000	$22,500
401(k), 403(b) and 457(b) Plan Catch-up Contributions (Age 50 or older)	$8,500	$8,000	$7,500	$7,500	$7,500
401(k), 403(b) and 457(b) Plan Catch-up Contributions (Age 60-63)	$11,750	$11,250	$11,250	$7,500	$7,500
SIMPLE IRA Maximum Elective Deferrals	$17,500	$17,000	$16,500	$16,000	$15,500
SIMPLE IRA Catch-up Contributions	$4,000	$4,000	$3,500	$3,500	$3,500
SIMPLE IRA Catch-up Contributions (Age 60-63)	$5,250	$5,250	$5,250	$3,500	$3,500
IRA Maximum Contribution	$7,500	$7,500	$7,000	$7,000	$6,500
IRA Catch-up Contribution	$1,100	$1,100	$1,000	$1,000	$1,000
Highly Compensated Employee – prior year compensation or a more than 5% Owner	$170,000	$160,000	$160,000	$155,000	$150,000
Social Security Wage Base	$192,300	$184,500	$176,100	$168,600	$160,200
Income Limit to require Roth Catch-up Contributions*	$155,000	$150,000	$145,000	$145,000	

*IRS Notice 2023-62 delays this requirement until 2026, although early adoption remains an option.

Recurring Deadlines: Activity	Due Date
Remittance of Employee Deferrals and Loan Repayments	Small Plans: within 7 business days from payroll date; otherwise, as soon as administratively feasible
Employer Contributions must be postmarked for deposit or actually deposited by	The due date of the corporate or partnership tax return, including extensions
Corrective distributions for failed ADP/ACP test (to avoid 10% Employer excise tax)	Distributions must be made no later than 2 ½ months after the plan year end
Corrective distributions for failed ADP/ACP test for plans where participants are automatically enrolled and certain other requirements are satisfied (to avoid 10% Employer excise tax)	Distributions must be made no later than 6 months after the plan year end
Corrective distributions of excess deferrals	April 15th
Annual IRS Form 5500 filing	Last day of the 7th month after the plan year end or may be extended for an additional 2 ½ months
Distribution of Summary Annual Report	Last day of the 9th month after the plan year end
Distribution of Summary Plan Description	Within 90 days after becoming a plan participant
Distribution of Safe Harbor Notice	At least 30 days (not more than 90 days) prior to the first day of the plan year utilizing the Safe Harbor provision
Distribution of Qualified Default Investment Alternative (QDIA) Notice	Initially, at least 30 days prior to the date of initial eligibility or 30 days in advance of the first investment in the QDIA. Additionally, defaulted participants must be given an annual notice at least 30 days (not more than 90 days) before each subsequent plan year.
Distribution of Annual Notice of Fees for Participant Self-directed Accounts (404a-5 Fee Disclosures)	Initially, at least 30 days prior to a participant's first investment, then annually thereafter. Any changes to the fees must be disclosed 30 days prior to the effect of such change.

Compliance Update – November 2026

Maximum Defined Contribution Annual Additions Limit:

In a Defined Contribution Plan, which includes Profit Sharing and 401(k) Plans, the Internal Revenue Code sets limits on contributions made to a participant's account. The Code uses the term "annual additions" which represents both employee and employer contributions as well as reallocated forfeitures. Effective for plan years ending after January 1, 2027, the annual dollar limit for defined contribution plans is the lesser of 100% of compensation or $75,000.

Maximum Defined Benefit Limit:

Ultimate benefit that may be funded for at retirement. Effective for plan years ending after January 1, 2027, the annual dollar benefit under a defined benefit pension plan is the lesser of 100% of compensation or $300,000.

Annual Compensation Limit:

Effective for plan year beginning January 1, 2027 or later, the annual compensation limit is $375,000. Compensation in excess of the limit will be disregarded for all computation purposes. Effective for plan year beginning January 1, 2026, or later, the annual compensation limit is $375,000. Compensation above the limit will be disregarded for all computation purposes. This means that Plans that are designed with a safe harbor match formula, the maximum safe harbor matching contribution is $15,000. For plans that are designed with a Qualified Automatic Contribution Arrangement (QACA) match formula, the maximum QACA match is $13,125. And, for plans designed with a safe harbor non-elective formula, the maximum safe harbor contribution is $11,250. Please ensure your payroll system is updated with these figures.

Key Employee defined for Top Heavy determination:

1. A 5% owner, without regard to compensation, or
2. 1% owner whose annual compensation is over $170,000, or
3. Officers with annual compensation in excess of $245,000.

Highly Compensated Employee (HCE) defined for 401(k) / 401(m) testing:

1. A 5% owner of an Employer or an Affiliate in the current or the immediately preceding plan year, or
2. Any employee earning more than $160,000 in 2026 ($170,000 for 2027)
3. Constructive ownership rules apply attributing ownership to spouses and lineal ascendants and descendants (parents, grandparents, children and grandchildren) of the owner in both of the above employee definitions.

Maximum Limit on 401(k) Elective Deferral Contributions:

A participant's elective deferral contributions under all 401(k) plans in which he or she participates during any taxable year is $25,500 for the 2027 Calendar Year. 401(k) plans may permit participants who have reached age 50 by the end of the plan year to make annual catch-up contributions once the annual dollar limit or a plan-imposed limit on elective deferrals has been reached. For calendar year 2027, the limit is $8,500. For individuals who attain age 60, 61, 62 or 63 in 2027, the catch up limit is $11,750.

Maximum Limit on SIMPLE 401(k) or SIMPLE IRA Deferral Contributions:

A participant's elective deferral contributions under a SIMPLE 401(k) plan or SIMPLE IRA account in which he or she participates during the year is $17,500 for the 2027 Calendar Year. Participants who have reached age 50 by the end of the plan year may make annual catch-up contributions once the annual dollar limit or a plan-imposed limit on elective deferrals has been reached. For calendar year 2027, the limit is $4,000. For individuals who attain age 60, 61, 62 or 63 in 2027, the catch up limit is $5,250.

Taxable Wage Base:

The Taxable Wage Base for 2027 is $192,300.

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WHERE IS YOUR COMFORT PLACE?
EJR CAN HELP YOU GET THERE.

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