Alert: Important Updates on 2027 IRS Retirement Plan Limits

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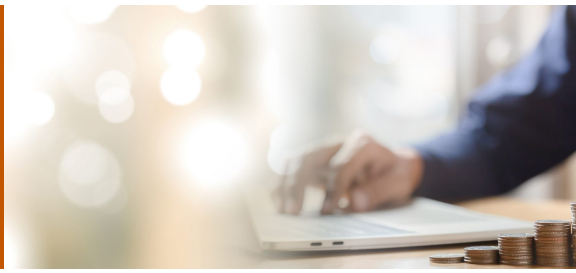

As we look ahead to 2027, we want to keep you informed about important changes that may impact your retirement planning.

The IRS has recently announced the retirement contribution limits for 2027, reflecting the annual cost-of-living adjustments. This year, there are increases that can enhance your savings potential.

Key Changes for 2026:

- **401(k) Contribution Limit:** The limit for employee contributions to 401(k) plans will increase to $25,500. The age 50+ catch-up limit will increase to $8,500.
- **Catch-Up Contributions, ages 60- 63:** The available catch-up contribution for those aged 60 – 63 in 2027 is $11,750 for the year. This is $3,250 higher than the standard $8,500 catch-up contribution available to ages 50+.
- Example:
- Alex, age 58, can defer up to $34,000 in 2027.
- Christi, age 62, can defer up to $37,250 in 2027.

These adjustments provide a valuable opportunity to maximize your retirement savings and ensure a more secure financial future for you and your employees.

Contribution and Benefit Limits	2027	2026	Increase
401(k), Roth 401(k), and 403(b)	$25,500	$24,500	$1,000
401(k), Roth 401(k), and 403(b) Catch-up Contributions	$8,500	$8,000	$500
401(k), Roth 401(k), and 403(b) Catch-up for those age 60-63	$11,750	$11,250	$500
3% Safe Harbor Non-Elective Contrib. Maximum	$11,250	$10,800	$450
4% Safe Harbor Match Contrib. Maximum	$15,000	$14,400	$600
Annual Contribution Limit	$75,000	$72,000	$2,000
Annual Contribution Limit, incl. Catch-up Contribs.	$83,500	$80,000	$3,500
Annual Contribution Limit, incl. Catch-up Contribs. age 60-63	$86,750	$83,250	$3,500
SIMPLE IRA Elective Deferrals	$17,500	$17,000	$500
SIMPLE IRA Catch-up Contributions	$4,000	$4,000	$0
SIMPLE IRA Catch-up for those age 60-63	$5,250	$5,250	$0
Traditional IRA and Roth IRA Contributions	$7,500	$7,500	$0
IRA Catch-up Contributions	$1,100	$1,100	$0
Maximum Plan Compensation	$375,000	$360,000	$15,000
Social Security Wage Base	$192,300	$184,500	$7,800

If you have any questions or would like to discuss your retirement strategy, please don't hesitate to reach out. Our team is here to assist you in navigating these changes.

Thank you for your continued trust in Johnson O'Connor. Stay tuned for more updates throughout the year.

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