

## **401(k) Contribution Limit Increased to \$20,500**

The Internal Revenue Service (IRS) has released [Notice 2021-61](#), which contains cost-of-living adjustments for 2022 that affect amounts employees can contribute to 401(k) plans and individual retirement accounts (IRAs). The employee contribution limit for **401(k) plans in 2022 has increased to \$20,500**, up from \$19,500 for 2021 and 2020.

Other key limit increases include the following:

- The employee contribution limit for **SIMPLE IRAs and SIMPLE 401(k) plans** is increased to **\$14,000**, up from \$13,500.
- The limits used to define a “highly compensated employee” and a “key employee” are increased to **\$135,000** (up from \$130,000) and **\$200,000** (up from \$185,000), respectively.

Key limits that **remain unchanged** include the employee contribution limit for **IRAs** (remaining at **\$6,000**) and the catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans and the federal government’s Thrift Savings Plan (remaining at **\$6,500**).