LEGAL UPDATE

IRS ANNOUNCES 2027 RETIREMENT PLAN LIMITS

The IRS has released **Notice 2026-66**, containing cost-of-living adjustments for 2027 that affect amounts employees can contribute to 401(k) plans and individual retirement accounts (IRAs).

IMPORTANT DATES

NOV. 12, 2026

The IRS released the 2027 retirement plan limits.

JAN. 1, 2027

The effective date of the 2027 retirement plan limits.

KEY CHANGES FOR 2027

The employee contribution limit for **401(k) plans in 2027 has increased to $25,500**, up from $24,500 for 2026, and the employee contribution limit for **IRAs in 2027 remains unchanged at $7,500**.

Other key limits include the following:

- The **IRA catch-up contribution limit** for individuals aged 50 and over, which was amended under legislation referred to as "SECURE 2.0" to include an annual cost-of-living adjustment, **remains unchanged at $1,100**.
- The employee contribution limit for **SIMPLE IRAs and SIMPLE 401(k) plans is** increased to **$17,500**, up from $17,000. Pursuant to a change made in SECURE 2.0, individuals can contribute a higher amount to certain applicable SIMPLE retirement accounts—for 2027, this higher amount is increased to **$19,100**, up from $18,100.
- The limit used to define a "highly compensated employee" is increased to **$170,000,** up from $160,000.
- The limit used to define a "key employee" is increased to **$245,000**, up from $235,000.
- The **annual limit for defined contribution plans** (for example, 401(k) plans, profit-sharing plans and money purchase plans) is increased to **$75,000**, up from $72,000.
- The **annual compensation limit** (applicable to many retirement plans) is increased to **$375,000**, up from $360,000.
- 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 is **increased to $8,500**, up from $8,000. Under a change made in SECURE 2.0, a **higher catch-up contribution limit applies to participants ages 60-63**. For 2027, these participants can contribute up to **$11,750** (instead of $8,500), up from $11,250 for 2026.

The income ranges for determining eligibility to make deductible contributions to traditional IRAs, contribute to Roth IRAs and claim the Saver's Credit (also known as the Retirement Savings Contributions Credit) also increased for 2027.

MORE INFORMATION

The IRS's **news release** contains more details on the cost-of-living adjustments for 2027.

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