



Information Memo

Benefit Alerts

December 2019

IRS Announces 2020 Benefit Limits

The IRS has announced cost-of-living adjustments for various limits on retirement plan and other benefit limits for 2020. The key limits listed below are found in IRS Notice 2019-19 and Revenue Procedures 2019-25 and 2019-44:

	2019 Limit	2020 Limit
401(k)/403(b)/457 elective deferrals	\$19,000	\$19,500
401(k)/403(b)/457 catch-up	\$6,000	\$6,500
Defined contribution maximum annual addition	\$56,000	\$57,000
Defined benefit maximum annual pension	\$225,000	\$230,000
Qualified plan maximum compensation	\$280,000	\$285,000
Highly compensated employee	\$125,000	\$130,000
IRA limit	\$6,000	\$6,000
SIMPLE limit	\$13,000	\$13,500
SIMPLE catch-up	\$3,000	\$3,000
Social Security taxable wages	\$132,900	\$137,700
SEP compensation threshold	\$600	\$600
HSA individual contribution	\$3,500	\$3,550
HSA family contribution	\$7,000	\$7,100
HSA catch-up	\$1,000	\$1,000
Health FSA salary reduction	\$2,700	\$2,750

The IRS has also proposed regulations to lengthen distribution periods for “required minimum distributions” or RMDs that apply to individuals over age 70 ½ in retirement plans and IRAs. These proposed regulations are based on longer life expectancies for older persons. As proposed, the longer distribution periods would first apply for distribution years beginning January, 2021. For individuals subject to RMD rules, make sure current rules are followed for distributions that must be made each year by the December 31 deadline.