

COLA 2025



Retirement Cost-of-Living Adjustments

TRI-AD presents the *Cost-of-Living Adjustments* (COLAs) for 2025. These limits are provided each year by the Internal Revenue Service and become effective **January 1, 2025**.

Maximum Dollar Limitations

Employee Deferral Limits	2025	2024	2023	2022	2021
401(k) Contribution	\$23,500	\$23,000	\$22,500	\$20,500	\$19,500
403(b) Contribution	\$23,500	\$23,000	\$22,500	\$20,500	\$19,500
457 Contribution	\$23,500	\$23,000	\$22,500	\$20,500	\$19,500
SIMPLE 401(k)/IRA	\$16,500	\$16,000	\$15,500	\$14,000	\$13,500
Employee Catch-Up Limits					
401(k), 403(b), 457	\$7,500	\$7,500	\$7,500	\$6,500	\$6,500
SIMPLE 401(k)/IRA	\$3,500	\$3,500	\$3,500	\$3,000	\$3,000
Enhanced (for those ages 60-63)*	\$11,250	N/A	N/A	N/A	N/A
Other Plan Limitations					
Compensation Cap	\$350,000	\$345,000	\$330,000	\$305,000	\$290,000
Defined Benefit Plan Maximum Benefit	\$280,000	\$275,000	\$265,000	\$245,000	\$230,000
Defined Contribution Plan Maximum Contribution	\$70,000	\$69,000	\$66,000	\$61,000	\$58,000
Highly Compensated Employees' Compensation Exceeding	\$160,000	\$155,000	\$150,000	\$135,000	\$130,000
Key Employee Officer Compensation	\$230,000	\$220,000	\$215,000	\$200,000	\$185,000
Key Employee 1% Owner	\$150,000	\$150,00	\$150,000	\$150,000	\$150,000
SEP Participation Coverage Compensation Level	\$750	\$750	\$750	\$650	\$650
ESOP Threshold for 5-Year Distribution Period	\$1,415,000	\$1,380,000	\$1,330,000	\$1,230,000	\$1,165,000
ESOP Incremental Threshold for Extending 5-Year Distribution Period (max. 5 additional years)	\$280,000	\$275,000	\$265,000	\$245,000	\$230,000
Social Security Taxable Wage Bases					
- Social Security	\$176,100	\$168,600	\$160,200	\$147,000	\$142,800
- Medicare	No Limit	No Limit	No Limit	No Limit	No Limit
Social Security Tax Rates					
By Percentage					
- Social Security - Employer	6.2	6.20	6.20	6.20	6.20
- Social Security - Employee	6.2	6.20	6.20	6.20	6.20
- Medicare – Employer and Employee	1.45	1.45	1.45	1.45	1.45
- Per Employer/Per Employee Combined Rate	7.65	7.65	7.65	7.65	7.65
Combined Rate	15.3	15.30	15.30	15.30	15.30
Additional Medicare Tax on Wages above \$200,000 – Employee Only	.9**	.9**	.9**	.9**	.9**

* Optional under SECURE 2.0. Each plan sponsor will decide whether to implement this feature in their retirement plans. Participants must meet specific criteria.

**The Affordable Care Act imposes an additional .9% Medicare tax on wages above \$200,000 (\$250,000 for married couples filing jointly, \$125,000 for married couples filing separately, and \$200,000 for other filers). Employers are required to withhold the additional .9% Medicare tax (a total of 2.35%) on wages above \$200,000, regardless of the employee's tax filing status. Employers do not match this additional tax.

COLA 2025



Health & Welfare Cost-of-Living Adjustments

TRI-AD presents the *Cost-of-Living Adjustments* (COLAs) for 2025. These limits are provided each year by the Internal Revenue Service and are effective as of **January 1, 2025**.

Maximum Dollar Limitations

Health Flexible Spending Accounts in a Cafeteria Plan	2025	2024	2023	2022
Maximum Contribution	\$3,300	\$3,200	\$3,050	\$2,850
Maximum Carryover Amount ¹	\$660	\$640	\$610	\$570
Dependent Care Flexible Spending Accounts in a Cafeteria Plan				
Maximum Contribution	\$5,000	\$5,000	\$5,000	\$5,000
Maximum Contribution if Married Filing Separately	\$2,500	\$2,500	\$2,500	\$2,500
Dependent Care Tax Credit on Personal Tax Return²				
1 Qualifying Individual	\$3,000	\$3,000	\$3,000	\$3,000
2 or more Qualifying Individuals	\$6,000	\$6,000	\$6,000	\$6,000
Qualified Relative Income Allowance				
Maximum Amount a qualified relative can earn and still be considered a dependent for tax purposes	\$5,200	\$5,050	\$4,700	\$4,400
Qualified Transportation Plan				
Parking – Monthly Limit	\$325	\$315	\$300	\$280
Transit Passes and Vanpooling (Combined) – Monthly Limit	\$325	\$315	\$300	\$280
Bicycle benefit (Employer-funded) – Monthly Limit ³	\$20	\$20	\$20	\$20
Adoption Assistance Program⁴				
Maximum Exclusion for Employer-Provided Program ⁵	\$17,280	\$16,810	\$15,950	\$14,890
Adoption Tax Credit Limit	\$17,280	\$16,810	\$15,950	\$14,890
Modified Adjusted Gross Income Limits for Employer-Provided Adoption Assistance Program and Tax Credit:				
Full credit if adjusted gross income below	\$259,190	\$252,150	\$239,230	\$223,410
Phased credit if adjusted gross income between	\$259,190 -\$299,190	\$252,150 -\$292,150	\$239,230 -\$279,230	\$223,410 -\$263,410
No credit allowed for adjusted gross income above	\$299,190	\$292,150	\$279,230	\$263,410
Educational Assistance Programs				
Maximum nontaxable educational assistance benefit	\$5,250	\$5,250	\$5,250	\$5,250
Health Savings Accounts				
Contribution Limit per Individual	\$4,300	\$4,150	\$3,850	\$3,650
Contribution Limit per Family	\$8,550	\$8,300	\$7,750	\$7,300
Catch-up Contribution for Age 55 and Older	\$1,000	\$1,000	\$1,000	\$1,000
Out-of-pocket Maximum per Individual	\$8,300	\$8,050	\$7,500	\$7,050
Out-of-pocket Maximum per Family	\$16,600	\$16,100	\$15,000	\$14,100
Minimum Deductible per Individual	\$1,650	\$1,600	\$1,500	\$1,400
Minimum Deductible per Family	\$3,300	\$3,200	\$3,000	\$2,800
Highly Compensated Employee Compensation Exceeding	\$160,000	\$155,000	\$150,000	\$135,000
Key Employee Officer Compensation	\$230,000	\$220,000	\$215,000	\$200,000
Key Employee 1% Owner	\$150,000	\$150,000	\$150,000	\$150,000

¹ The carryover maximum limit applies in the following plan year. For example, the amount that can carry over into 2025 is \$640 (20% of the 2024 Health FSA (HCFSA) limit). The amount that can carry over into 2026 is \$640 (20% of the 2025 HCFSA limit).

² Credit may be adjusted based on the level of the taxpayer's adjusted gross income and is reduced by amounts excluded from income under a Dependent Care Reimbursement Account plan sponsored by an employer.

³ The Tax Cuts & Jobs Act of 2017 changed the bicycle benefit to a taxable benefit for years after 2017 and before 2026.

⁴ An employer-sponsored Adoption Assistance Program may be a stand-alone program or contained within a Cafeteria Plan.

⁵ If an employer-sponsored Adoption Assistance Program is contained in a Cafeteria Plan, this is the maximum limit within the plan year.

* Increased limits due to COVID-19 legislative relief