

COLA 2022

Retirement Cost-of-Living Adjustments

TRI-AD presents the *Cost-of-Living Adjustments* (COLAs) for 2022. These limits are provided each year by the Internal Revenue Service and become effective **January 1, 2022**.

Maximum Dollar Limitations

| Employee Deferral Limits | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-------------|-----------|---------------|-----------|-----------|
| 401(k) Contribution | \$20,500 | 19,500 | 19,500 | 19,000 | 18,500 |
| 403(b) Contribution | \$20,500 | 19,500 | 19,500 | 19,000 | 18,500 |
| 457 Contribution | \$20,500 | 19,500 | 19,500 | 19,000 | 18,500 |
| SIMPLE 401(k)/IRA | \$14,000 | 13,500 | 13,500 | 13,000 | 12,500 |
| Employee Catch-Up Limits | | | | | |
| 401(k), 403(b), 457 | \$6,500 | 6,500 | 6,500 | 6,000 | 6,000 |
| SIMPLE 401(k)/IRA | \$3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Other Plan Limitations | | | | | |
| Compensation Cap | \$305,000 | 290,000 | 285,000 | 280,000 | 275,000 |
| Defined Benefit Plan Maximum Benefit | \$245,000 | 230,000 | 230,000 | 225,000 | 220,000 |
| Defined Contribution Plan Maximum Contribution | \$61,000 | 58,000 | 57,000 | 56,000 | 55,000 |
| Highly Compensated Employees' Compensation Exceeding | \$135,000 | 130,000 | 130,000 | 125,000 | 120,000 |
| Key Employee Officer Compensation | \$200,000 | 185,000 | 185,000 | 180,000 | 175,000 |
| Key Employee 1% Owner | \$150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| SEP Participation Coverage Compensation Level | \$650 | 650 | 600 | 600 | 600 |
| ESOP Threshold for 5-Year Distribution Period | \$1,230,000 | 1,165,000 | 1,150,000 | 1,130,000 | 1,105,000 |
| ESOP Incremental Threshold for Extending 5-Year Distribution Period (max. 5 additional years) | \$245,000 | 230,000 | 230,000 | 225,000 | 220,000 |
| Social Security Taxable Wage Bases | | | | | |
| - Social Security | \$147,000 | 142,800 | 137,700 | 132,900 | 128,400 |
| - Medicare | No Limit | No Limit | No Limit | No Limit | No Limit |
| Social Security Tax Rates | | | By Percentage | | |
| - Social Security - Employer | 6.20 | 6.20 | 6.20 | 6.20 | 6.20 |
| - Social Security - Employee | 6.20 | 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 | 15.30 | 15.30 | 15.30 | 15.30 | 15.30 |
| Additional Medicare Tax on Wages above \$200,000 – Employee Only | .9* | .9* | .9* | .9* | .9* |

*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.

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COLA 2022

Health & Welfare Cost-of-Living Adjustments

TRI-AD presents the *Cost-of-Living Adjustments* (COLAs) for 2022. These limits are provided each year by the Internal Revenue Service and are effective as of **January 1, 2022**.

Maximum Dollar Limitations

| Health Flexible Spending Accounts in a Cafeteria Plan | 2022 | 2021 | 2020 | 2019 |
|---|-----------------------|---------------------|---------------------|---------------------|
| Maximum Contribution | \$2,850 | 2,750 | 2,750 | 2,700 |
| Maximum Carryover Amount¹ | \$570 | 550 | 500 | 500 |
| Dependent Care Flexible Spending Accounts in a Cafeteria Plan | | | | |
| Maximum Contribution | \$5,000 | 10,500* | 5,000 | 5,000 |
| Maximum Contribution if Married Filing Separately | \$2,500 | 5,250* | 2,500 | 2,500 |
| Dependent Care Tax Credit on Personal Tax Return² | | | | |
| 1 Qualifying Individual | \$3,000 | 8,000* | 3,000 | 3,000 |
| 2 or more Qualifying Individuals | \$6,000 | 16,000* | 6,000 | 6,000 |
| Qualified Relative Income Allowance | | | | |
| Maximum Amount a qualified relative can earn and still be considered a dependent for tax purposes | \$4,400 | 4,300 | 4,300 | 4,200 |
| Qualified Transportation Plan | | | | |
| Parking – Monthly Limit | \$280 | 270 | 270 | 265 |
| Transit Passes and Vanpooling (Combined) – Monthly Limit | \$280 | 270 | 270 | 265 |
| Bicycle benefit (Employer-funded) – Monthly Limit³ | \$20 | 20 | 20 | 20 |
| Adoption Assistance Program⁴ | | | | |
| Maximum Exclusion for Employer-Provided Program⁵ | \$14,890 | 14,440 | 14,300 | 14,080 |
| Adoption Tax Credit Limit | \$14,890 | 14,440 | 14,300 | 14,080 |
| Modified Adjusted Gross Income Limits for Employer-Provided Adoption Assistance Program and Tax Credit | | | | |
| Full credit if adjusted gross income below | \$223,410 | 216,660 | 214,520 | 211,160 |
| Phased credit if adjusted gross income between | \$223,410 -263,410 | 216,660 -256,660 | 214,520 -254,520 | 211,160 -251,160 |
| No credit allowed for adjusted gross income above | \$263,410 | 256,660 | 254,520 | 251,160 |
| Educational Assistance Programs | | | | |
| Maximum nontaxable educational assistance benefit | \$5,250 | 5,250 | 5,250 | 5,250 |
| Health Savings Accounts | | | | |
| Contribution Limit per Individual | \$3,650 | 3,600 | 3,550 | 3,500 |
| Contribution Limit per Family | \$7,300 | 7,200 | 7,100 | 7,000 |
| Catch-up Contribution for Age 55 and Older | \$1,000 | 1,000 | 1,000 | 1,000 |
| Out-of-pocket Maximum per Individual | \$7,050 | 7,000 | 6,900 | 6,750 |
| Out-of-pocket Maximum per Family | \$14,100 | 14,000 | 13,800 | 13,500 |
| Minimum Deductible per Individual | \$1,400 | 1,400 | 1,400 | 1,350 |
| Minimum Deductible per Family | \$2,800 | 2,800 | 2,800 | 2,700 |
| Highly Compensated Employee Compensation Exceeding | \$135,000 | 130,000 | 130,000 | 125,000 |
| Key Employee Officer Compensation | \$200,000 | 185,000 | 185,000 | 180,000 |
| 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 2022 is \$550 (20% of the 2021 Health FSA limit). The amount that can carry over into 2023 is \$570 (20% of the 2022 Health FSA 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 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

