

COLA 2023

Retirement Cost-of-Living Adjustments

TRI-AD presents the *Cost-of-Living Adjustments* (COLAs) for 2023. These limits are provided each year by the Internal Revenue Service and become effective **January 1, 2023**.

Maximum Dollar Limitations

Employee Deferral Limits	2023	2022	2021	2020	2019
401(k) Contribution	\$22,500	20,500	19,500	19,500	19,000
403(b) Contribution	\$22,500	20,500	19,500	19,500	19,000
457 Contribution	\$22,500	20,500	19,500	19,500	19,000
SIMPLE 401(k)/IRA	\$15,500	14,000	13,500	13,500	13,000
Employee Catch-Up Limits					
401(k), 403(b), 457	\$7,500	6,500	6,500	6,500	6,000
SIMPLE 401(k)/IRA	\$3,500	3,000	3,000	3,000	3,000
Other Plan Limitations					
Compensation Cap	\$330,000	305,000	290,000	285,000	280,000
Defined Benefit Plan Maximum Benefit	\$265,000	245,000	230,000	230,000	225,000
Defined Contribution Plan Maximum Contribution	\$66,000	61,000	58,000	57,000	56,000
Highly Compensated Employees' Compensation Exceeding	\$150,000	135,000	130,000	130,000	125,000
Key Employee Officer Compensation	\$215,000	200,000	185,000	185,000	180,000
Key Employee 1% Owner	\$150,000	150,000	150,000	150,000	150,000
SEP Participation Coverage Compensation Level	\$750	650	650	600	600
ESOP Threshold for 5-Year Distribution Period	\$1,330,000	1,230,000	1,165,000	1,150,000	1,130,000
ESOP Incremental Threshold for Extending 5-Year Distribution Period (max. 5 additional years)	\$265,000	245,000	230,000	230,000	225,000
Social Security Taxable Wage Bases					
- Social Security	\$160,200	147,000	142,800	137,700	132,900
- 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.

www.tri-ad.com • info@tri-ad.com • (800) 733-7555



COLA 2023

Health & Welfare Cost-of-Living Adjustments

TRI-AD presents the *Cost-of-Living Adjustments* (COLAs) for 2023. These limits are provided each year by the Internal Revenue Service and are effective as of **January 1, 2023**.

Maximum Dollar Limitations

	2023	2022	2021	2020
Health Flexible Spending Accounts in a Cafeteria Plan				
Maximum Contribution	\$3,050	2,850	2,750	2,750
Maximum Carryover Amount ¹	\$610	570	550	500
Dependent Care Flexible Spending Accounts in a Cafeteria Plan				
Maximum Contribution	\$5,000	5,000	10,500*	5,000
Maximum Contribution if Married Filing Separately	\$2,500	2,500	5,250*	2,500
Dependent Care Tax Credit on Personal Tax Return²				
1 Qualifying Individual	\$3,000	3,000	8,000*	3,000
2 or more Qualifying Individuals	\$6,000	6,000	16,000*	6,000
Qualified Relative Income Allowance				
Maximum Amount a qualified relative can earn and still be considered a dependent for tax purposes	\$4,700	4,400	4,300	4,300
Qualified Transportation Plan				
Parking – Monthly Limit	\$300	280	270	270
Transit Passes and Vanpooling (Combined) – Monthly Limit	\$300	280	270	270
Bicycle benefit (Employer-funded) – Monthly Limit ³	\$20	\$0	20	20
Adoption Assistance Program⁴				
Maximum Exclusion for Employer-Provided Program ⁵	\$15,950	14,890	14,440	14,300
Adoption Tax Credit Limit	\$15,950	14,890	14,440	14,300
Modified Adjusted Gross Income Limits for Employer-Provided Adoption Assistance Program and Tax Credit				
Full credit if adjusted gross income below	\$239,230	223,410	216,660	214,520
Phased credit if adjusted gross income between	\$239,230 -\$279,230	223,410 -263,410	216,660 -256,660	214,520 -254,520
No credit allowed for adjusted gross income above	\$279,230	263,410	256,660	254,520
Educational Assistance Programs				
Maximum nontaxable educational assistance benefit	\$5,250	5,250	5,250	5,250
Health Savings Accounts				
Contribution Limit per Individual	\$3,850	3,650	3,600	3,550
Contribution Limit per Family	\$7,750	7,300	7,200	7,100
Catch-up Contribution for Age 55 and Older	\$1,000	1,000	1,000	1,000
Out-of-pocket Maximum per Individual	\$7,500	7,050	7,000	6,900
Out-of-pocket Maximum per Family	\$15,000	14,100	14,000	13,800
Minimum Deductible per Individual	\$1,500	1,400	1,400	1,400
Minimum Deductible per Family	\$3,000	2,800	2,800	2,800
Highly Compensated Employee Compensation Exceeding	\$150,000	135,000	130,000	130,000
Key Employee Officer Compensation	\$215,000	200,000	185,000	185,000
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 2023 is \$570 (20% of the 2022 Health FSA (HFSA) limit). The amount that can carry over into 2024 is \$610 (20% of the 2023 HFSA 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

