

401(k), 403(b) and Profit-Sharing Plan 2020 Contribution Limits

Two annual limits apply to contributions:

- A limit on employee elective deferrals; and
- An overall limit on contributions to a participant's plan account including the total of all employer contributions, employee elective deferrals (but not catch-up contributions) and any forfeiture allocations.

Deferral limits for 401(k) and 403(b) plans

The limit on employee elective deferrals (for traditional and safe harbor plans) is:

- **\$19,500 in 2020 (\$19,000 in 2019)**
- **The \$19,500 amount may be increased in future years for cost-of-living adjustments**

Generally, you aggregate all elective deferrals you made to all plans in which you participate to determine if you have exceeded these limits.



Deferral limits for a SIMPLE 401(k) plan

The limit on employee elective deferrals to a SIMPLE 401(k) plan is:

- **\$13,500 in 2020 (\$13,000 in 2019)**
- **This amount may be increased in future years for cost-of-living adjustments**

Plan-based restrictions on elective deferrals

These restrictions may further reduce the maximum allowable elective deferrals:

- Your plan's terms may impose a lower limit on elective deferrals
- If you are a manager, owner, or highly compensated employee, your plan might need to limit your elective deferrals to pass nondiscrimination tests

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Catch-up contributions for those age 50 and over

If permitted by the 401(k) plan, participants who are age 50 or over at the end of the calendar year can also make catch-up contributions. The additional elective deferrals you may contribute is:

- **\$6,500 in 2020 (\$6,000 in 2019) to traditional and safe harbor 401(k) and 403(b) plans**
- **\$3,000 in 2020 (same as 2019) to SIMPLE 401(k) plans**
- **These amounts may be increased in future years for cost-of-living adjustments**

You don't need to be "behind" in your plan contributions in order to be eligible to make these additional elective deferrals.



Overall limit on contributions

Total annual contributions (annual additions) to all of your accounts in plans maintained by one employer (and any related employer) are limited. The limit applies to the total of:

- elective deferrals (but not catch-up contributions)
- employer matching contributions
- employer non-elective contributions
- allocations of forfeitures

The annual additions paid to a participant's account cannot exceed the lesser of:

1. **100% of the participant's compensation, or**
2. **\$57,000 (\$63,500 including catch-up contributions) for 2020.**

However, an employer's deduction for contributions to a defined contribution plan (profit-sharing plan or money purchase pension plan) cannot be more than 25% of the compensation paid (or accrued) during the year to eligible employees participating in the plan (see Employer Deduction in Pub 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans).

The rules relating to catch-up contributions are complex and your limits may differ according to provisions in your specific plan. You should contact your plan administrator to find out whether your plan allows catch-up contributions and how the catch-up rules apply to you.