

## 2023 IRS Qualified Limits Announced

Effective January 1, 2023, the Internal Revenue Service (IRS) has announced the limits affecting retirement plans, pension plans and other retirement-related thresholds for the 2023 tax year.

IRS Limit Definition	Code Section	2023	2022
Elective Deferral Limit for a 401(k), 403(b), 457(b) Plans	§402(g)(1)(B) §457(e)(15)(A)	\$22,500	\$20,500
Defined Contribution Plan Limit	§415(c)(1)(A)	\$66,000	\$61,000
Annual Compensation Limit	§401(a)(17)(A)	\$330,000	\$305,000
Highly Compensated Employee Threshold	§414(q)(1)(B)(i)	\$150,000	\$135,000
Defined Benefit Plan Limit	§415(b)(1)(A)	\$265,000	\$245,000
Traditional and Roth IRA Contribution Limits	§219(b)(5)(A)	\$6,500	\$6,000
Catch Up Contribution Limit (age 50 and over, Non-SIMPLE)	§414(v)(2)(B)(i)	\$7,500	\$6,500

While the newly announced IRS limits saw their largest increase ever due to the current economic conditions, these limits continue to restrict the benefits available to individuals making more than \$150,000 per year through qualified plans. The percentage of total compensation that Highly Compensated Employees (HCEs) can contribute to qualified retirement plans is far lower when compared to the rest of the employee population. To counter the impact of these limits, employers have the opportunity to implement custom designed [nonqualified deferred compensation \(NQDC\)](#) plans. NQDC plans allow additional pre-tax compensation deferrals, as well as the option for company contributions, and provide executives with a powerful retirement and financial planning tool.

[Nolan Financial](#) specializes in the design, funding and recordkeeping of nonqualified plans. With properly designed nonqualified plans, Highly Compensated Employees may defer up to 100% of their base and bonus compensation, as well as receive supplemental pension benefits. Nonqualified plans offer flexible personal financial planning opportunities through additional investment options and multiple retirement accounts.

If you have questions regarding non-qualified deferred compensation plans, please reach out to Michael Nolan, [NolanM@nolanfinancial.com](mailto:NolanM@nolanfinancial.com), or Kenton Quick, [QuickK@nolanfinancial.com](mailto:QuickK@nolanfinancial.com), or by phone at (301) 907-9500.

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