

# 2026

## COST OF LIVING ADJUSTMENTS



The table below outlines the key Internal Revenue Service (IRS) annual cost of living adjustments affecting dollar limitations for qualified retirement plans and other benefit-related items for tax year 2026. These limits are effective January 1, 2026.

AREAS OF IMPACT	2026	2025	2024
Employee Elective Deferral Limits – 401(k), 403(b) & 457	\$24,500	\$23,500	\$23,000
Defined Contribution Maximum	\$72,000	\$70,000	\$69,000
Annual Compensation Maximum	\$360,000	\$350,000	\$345,000
Highly Compensated Employee	\$160,000	\$160,000	\$155,000
Social Security Taxable Wage Base	\$184,500	\$176,100	\$168,600
Catch-Up Contributions Limit*	\$8,000	\$7,500	\$7,500
Key Employee	\$235,000	\$230,000	\$220,000
Defined Benefit Maximum	\$290,000	\$280,000	\$275,000

\* Catch-Up Contributions can be made any time during or after the year in which the retirement plan participant turns 50. IRS notice 2025-67 stated that participants who will reach ages 60, 61, 62, or 63 by the end of the calendar year may use an alternate increased catch-up contribution amount of \$11,250, which remains unchanged in 2026. This provision is optional.

The FICA wage threshold requiring Catch-Up Contributions to be made in Roth form starting in 2026 was indexed from the statutory threshold, \$145,000, to \$150,000 for 2025. This means that employees who earned \$150,000 or more in FICA wages from the employer in plan year 2025 will be required to make 2026 Catch-Up contributions in Roth form.

### Health Savings Account (HSA) Annual Contribution Limit

HSA ACCOUNT	2026	2025	2024
Individual	\$4,400	\$4,300	\$4,150
Family	\$8,750	\$8,550	\$8,350
Catch-Up Contribution (age 55 and older)**	\$1,000	\$1,000	\$1,000

\*\*Catch-up contributions can be made any time during or after the year in which the HSA participant turns 55.

Unlike other limits, the HSA catch-up contribution amount is not indexed; any increase would require statutory change.

### Flexible Spending Account (FSA) Annual Contribution Limit

FSA ACCOUNT	2026	2025	2024
Health Care	\$3,400	\$3,300	\$3,200
Dependent Care	\$7,500	\$5,000	\$5,000
Health Care Carryover	\$680	\$660	\$640