

## IRS UPDATES U.S. RETIREMENT PLAN COLAS FOR 2020

To Our Clients and Friends:

On November 6, 2019, the IRS released its cost-of-living adjustments applicable to tax-qualified retirement plans for 2020. Many of the key limitations, including the elective deferral and catch-up contribution limits for employees who participate in 401(k), 403(b) and 457 tax-qualified retirement plans, have increased from current levels.

The key 2020 limits are as follows:

Limitation	2020 Limit
402(g) Limit on Employee Elective Deferrals (Note: This is relevant for 401(k), 403(b) and 457 plans, and for certain limited purposes under Code Section 409A.)	\$19,500 (\$19,000 for 2019)
414(v) Limit on “Catch-Up Contributions” for Employees Age 50 and Older (Note: This is relevant for 401(k), 403(b) and 457 plans.)	\$6,500 (\$6,000 for 2019)
401(a)(17) Limit on Includible Compensation (Note: This applies to compensation taken into account in determining contributions or benefits under qualified plans. It also impacts the “two times/two years” exclusion from Code Section 409A coverage of payments made solely in connection with involuntary terminations of employment.)	\$285,000 (\$280,000 for 2019)
415(c) Limit on Annual Additions Under a Defined Contribution Plan	\$57,000 (or, if less, 100% of compensation) (\$56,000 for 2019)

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415(b) Limit on Annual Age 65 Annuity Benefits Payable Under a Defined Benefit Plan	\$230,000 (or, if less, 100% of average “high 3” compensation) (\$225,000 for 2019)
414(q) Dollar Amount for Determining Highly Compensated Employee Status	\$130,000 (\$125,000 for 2019)
416(i) Officer Compensation Amount for “Top-Heavy” Determination (Note: Because Code Section 409A defines “specified employees” of public companies by reference to this provision, this amount also affects the specified employee determination, and thus, the group subject to the six-month delay under Code Section 409A.)	\$185,000 (\$180,000 for 2019)
Social Security “Wage Base” for Plans Integrated with Social Security	\$137,700 (\$132,900 for 2019)



*Gibson, Dunn & Crutcher’s lawyers are available to assist in addressing any questions you may have regarding these issues. Please contact the Gibson Dunn lawyer with whom you usually work, or any of the following:*

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