



2020 Defined Contribution Plan Limits

In [Notice 2019-59](#), the IRS highlighted the following adjustments taking effect on Jan. 1, 2020, for 401(k), 403(b) and most 457 plans:

| Defined Contribution Plan Limits | 2020 | 2019 | 2018 | Change |
|---|------------------|-----------|-----------|----------|
| Maximum employee elective deferral (401(k), 403b, 457) | \$19,500 | \$19,000 | \$18,500 | +\$500 |
| Employee catch-up contribution (if age 50 or older by year-end) | \$6,500 | \$6,000 | \$6,000 | +\$500 |
| Defined contribution maximum limit, all sources | \$57,000 | \$56,000 | \$55,000 | +\$1,000 |
| Defined contribution maximum limit (if age 50 or older by year end); maximum contribution all sources plus catch-up | \$63,500 | \$62,000 | \$61,000 | +\$1,500 |
| Employee compensation limit for calculating contributions | \$285,000 | \$280,000 | \$275,000 | +\$5,000 |
| Compensation limit of "key employees" in a top-heavy plan | \$185,000 | \$180,000 | \$175,000 | +5,000 |
| Compensation limit of "highly compensated employees" in a top-heavy plan (HCE threshold) | \$130,000 | \$125,000 | \$120,000 | +5,000 |

"Key employees" and "highly compensated employees" are terms used for testing purposes in the annual nondiscrimination testing of a retirement plan.

The \$6,500 catch-up contribution limit for participants age 50 or older applies from the start of the year to those turning 50 at any time during the year.

Source: IRS Notice 2018-83.