



2021 Defined Contribution Plan Limits

In [Notice 2020-79](#), the IRS highlighted the following adjustments taking effect on Jan. 1, 2021, for 401(k), 403(b) and most 457 plans:

Defined Contribution Plan Limits	2021	2020	2019	Change
Maximum employee elective deferral (401(k), 403b, 457)	\$19,500	\$19,500	\$19,000	unchanged
Employee catch-up contribution (if age 50 or older by year-end)	\$6,500	\$6,500	\$6,000	unchanged
Defined contribution maximum limit, all sources	\$58,000	\$57,000	\$56,000	+\$1,000
Defined contribution maximum limit (if age 50 or older by year end); maximum contribution all sources plus catch-up	\$64,500	\$63,500	\$62,000	+\$1,000
Employee compensation limit for calculating contributions	\$290,000	\$285,000	\$280,000	+\$5,000
Compensation limit of "key employees" in a top-heavy plan	\$185,000	\$185,000	\$180,000	unchanged
Compensation limit of "highly compensated employees" (HCE threshold)	\$130,000	\$130,000	\$125,000	unchanged

"Key employees" and "highly compensated employees" are terms used in the annual compliance 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 2020-79