



Technical Update

2020 Retirement Limits

The following highlights the changes beginning in 2020 for dollar limitations on qualified pension plans, Social Security and Medicare deductibles/premiums.

The Internal Revenue Service provides dollar limitations on benefits and contributions under qualified retirement plans. It also allows these limitations to be adjusted annually for cost-of-living increases.

The Social Security Administration (SSA) generally increases the maximum taxable earnings under the Social Security portion (OASDI) of Social Security and Medicare each year. The SSA also provides cost-of-living adjustments for Social Security beneficiaries based on the changes in the Consumer Price Index (CPI). Medicare premiums and deductibles are also adjusted annually and shown below.

	2018	2019	2020
IRS Limitations			
Maximum annual compensation limit	\$275,000	\$280,000	\$285,000
Maximum annual benefit under DB plan	\$220,000	\$225,000	\$230,000
Maximum annual contribution under DC plan	\$55,000	\$56,000	\$57,000
Highly compensated employee limit	\$120,000	\$125,000	\$130,000
Maximum 401(k) elective deferral limit	\$18,500	\$19,000	\$19,500
Maximum 403(b)/457(b) elective deferral limit	\$18,500	\$19,000	\$19,500
Catch-up contribution for individuals over 50	\$6,000	\$6,000	\$6,500
Social Security			
Maximum taxable earnings	\$128,400	\$132,900	\$137,700
Benefit Cost-of-Living Adjustment (COLA)	2.0%	2.8%	1.6%
Maximum annual benefit (age 65 retirement)	\$31,068	\$33,084	\$34,284
Medicare			
Part A deductible	\$1,340	\$1,364	\$1,408
Part B deductible	\$183	\$185	\$198
Part A coinsurance			
1-60 days	\$0	\$0	\$0
61-90 days	\$335	\$341	\$352
Lifetime reserve	\$670	\$682	\$704
Part B premium*	\$130.00	\$135.50	\$144.60

*Premium shown is the average premium for Beneficiaries receiving Social Security Benefits. New Beneficiaries and Beneficiaries with higher incomes may be subject to a larger premium amount.