ENGAGE PEO

Client Alert

Update: 2026 Contribution Limits

2026 SOCIAL SECURITY WAGE BASE

The Social Security wage base for computing Social Security tax will increase to **$184,500** from $176,100.

2026 RETIREMENT PLAN CONTRIBUTION LIMITS

2026 401(k) and 403(b) Employee Contribution Limit

- The total contribution limit for all 401(k) and 403(b) plans will increase to **$24,500** from $23,500 for **those under age 50.**
- The **catch-up contribution** limit for those **age 50+** will increase to **$8,000** from $7500.00.
- The super catch-up allows individuals **age 60 - 63** to contribute an **additional $11,250** to eligible retirement plans, such as 401(k), 403(b) and governmental 457 plans.
- Catch-up contributions are in addition to the standard $24,500 annual contribution limit for 2026.
- **New:** As of January 1, 2026, federal rules will require that 401(k) **catch-up contributions for individuals age 50 and older** be made on a Roth (after-tax) basis if an employee's prior-year Social Security wages **exceed $150,000. Read more here**.

2026 401(k)/403(b)/401(a) Total Contribution Limit

- The total of all employee and employer contributions per employee will increase to **$72,000** from $70,000 for those **under age 50**.
- For those **age 50+**, the limit will increase to **$80,000**.

2026 457(b) Employee Contribution Limit

- The contribution limit to a 457(b) plan will increase to **$24,500** from $23,500. 457(b)s have unique catch-up contribution rules, so you will need to consult with your plan administrator.
- Employees taking advantage of the special pre-retirement catch-up may be eligible to contribute up to double the standard limit, for a **total of $49,000**.

2026 Traditional and Roth IRA Contribution Limits

- The 2026 Traditional and ROTH IRA contribution limits will increase to $7,500 from $7000 for those under age 50.
- The catch-up contribution limit for those age 50+ will increase to $1,100 from $1,000.

2026 SEP-IRA Contribution Limits

- The SEP-IRA contribution limits will increase to $72,000 from $70,000.

2026 SIMPLE IRA and SIMPLE 401(k) Contribution Limits

- The contribution limit for SIMPLE IRA and SIMPLE 401(k) plans will increase to **$17,000** from $16,500.
- The catch-up contribution limit for those age 50+ will increase to **$4,000** from $3500

2026 HEALTH SAVINGS ACCOUNT (HSA) AND FLEXIBLE SAVINGS ACCOUNT (FSA) PLAN CONTRIBUTION LIMITS

2026 HSA Contribution Limits

- For individual coverage, the HSA contribution limit will increase to **$4,400** from $4,300.
- Family coverage will increase to **$8,750** from $8,550.
- The catch-up limit for those age 55+ will remain at **$1,000**.

2026 FSA Contribution Limits

- The **Healthcare FSA** contribution limit will increase to $3,400 from $3,300.
- The **Dependent Care FSA** limit will increase to $7,500 from $5,000.

MISCELLANEOUS ITEMS

2026 Adoption Assistance

- The maximum amount that can be excluded from an employee's gross income for qualified adoption expenses under an employer's adoption assistance program increased to **$17,670** from $17,280.

2026 Qualified Transportation Fringe Benefits

- The amount that may be excluded from gross income for employer-provided qualified transportation fringe benefits (transit and parking) increased to **$340** from $325.

2026 1099-MISC and 1099-NEC threshold

- The reporting threshold for Form 1099-MISC (miscellaneous) and 1099-NEC (nonemployee compensation), increases to **$2000** from $600. (As required by the "One Big Beautiful Bill Act" [OBBBA], signed into law in July 2025).

If you have any questions, please contact your Payroll Representative.