



Drive Your Retirement

NADA Retirement Program

As they do each fall, the IRS recently announced adjustments affecting the dollar limitations on 401(k) plans, IRAs and other retirement-related items for tax year 2024. The changes from 2023 to 2024 are summarized below.

The contribution limit for employees who participate in their 401(k) plan increased to \$23,000, with the catch-up contribution limit remaining at \$7,500 for employees age 50 and up. IRA contributions increased to \$7,000, with a catch-up contribution limit of \$1,000. For lower- and moderate-income employees, the income limit for the saver's credit will increase to \$76,500 for married couples filing jointly and \$38,250 for singles.

As a business owner and plan sponsor, you may find that a few key changes could impact your personal situation:

- The Annual Compensation Limit affecting 401(k) plans has been increased to \$345,000.
- The Limitation for Defined Contribution Plans has been increased to \$69,000.
- The maximum amount of earnings subject to the Social Security tax (taxable maximum) has been increased from \$160,200 to \$168,600.

Description	2023	2024
Maximum Pretax 401(k) Contribution (not including catch-up contributions for participants age 50 and older)	\$22,500	\$23,000
Catch-Up Contribution Limit (for participants age 50 or older)	\$7,500	\$7,500
Annual Addition Dollar Limit (not including catch-up contributions for participants age 50 and older)	\$66,000	\$69,000
Compensation Limit	\$330,000	\$345,000
Compensation Limit for Highly Compensated Employees	\$150,000	\$155,000
Compensation Limit for Key Employee Officers	\$215,000	\$220,000
Social Security Tax Maximum Earnings	\$160,200	\$168,600

This was brought to you by the NADA Retirement Program from Empower, our partner for dealership 401(k) solutions. Empower provides service excellence, constant innovation, thought leadership and outstanding people to help plan sponsors and participants get involved in and help plan for their financial future. The National Automobile Dealers Association and Empower have created a unique relationship through which Empower offers flexible, competitive 401(k) plans with an award-winning service model and fiduciary support at a negotiated NADA member price. If you work with a local financial professional, be sure to ask them about the NADA Retirement Program or visit nadaretirement.com.

Contact your dedicated NADA Retirement Director today
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