

## RETIREMENT PROGRAM SERVICES

To: Benefit Managers, Benefit Representatives, Retirement Administration Service Center, Health Care Facilitators, and the UCPATH Shared Service Center

From: John Monroe, Actuarial Services Group

Date: November 12, 2024

Re: **2025 Indexed Dollar Amounts for Tax-Qualified Retirement Plans and Social Security Wage Base**

The Internal Revenue Service announced the 2025 dollar amounts provided under qualified pension plans and tax sheltered annuity arrangements that have been indexed for cost-of-living increases. The limits listed below are separate for each plan. We have also included the 2025 Social Security wage base for your reference. The new amounts are as follows, with the corresponding 2024 amounts shown for comparison purposes:

Type of Limit	2025	2024	Applied to:
<b>403(b) Plan</b>			
<b>§402(g) Limit</b>	\$23,500	\$23,000	Voluntary participant pre-tax and Roth deferrals to the 403(b) Plan during the Calendar Year.
<b>§414(v) Catch-Up Limit<sup>1</sup> - Age 50 or over on 12/31/25</b>	\$7,500	\$7,500	Additional limit for 403(b) participants age 50 or over (total \$31,000 in 403(b) pre-tax/Roth deferrals).
<b>§402(g)(7) 15-Year Special Catch-Up Limit<sup>2</sup></b>	\$3,000	\$3,000	Additional limit for 403(b) participants with 15 years of service.
<b>§415(c) Annual Additions Limit</b>	\$70,000	\$69,000	Includes voluntary participant pre-tax and Roth deferrals, and mandatory employee and employer contributions to the 403(b) Plan (such as Faculty Summer Salary). Does not include age 50 catch-up deferrals.
<b>457(b) Plan</b>			
<b>§457(b)(2) Elective Deferral Limit</b>	\$23,500	\$23,000	Voluntary participant pre-tax and Roth deferrals to the 457(b) Plan during the Calendar Year.
<b>§457(e)(18) / §414(v) Catch-up Limit– Age 50 or over on 12/31/2025<sup>3</sup></b>	\$7,500	\$7,500	Additional limit for 457(b) participants age 50 or over (total \$31,000 in pre-tax/Roth deferral).
<b>§457(b)(3) Special catch-up election<sup>4</sup></b>	Up to \$47,000	Up to \$46,000	For the three years prior to Normal Retirement Age – Catch-up eligible participant may defer <b>the greater of</b> either the age 50 catch-up or the special catch-up, which is equal to the lesser of: (1) Twice the current contribution limit or the underutilized limit <sup>5</sup> from prior years.

<sup>1</sup> A catch-up eligible participant may defer an additional \$7,500 if age 50 by 12/31/2025 above the 415(c) annual additions limit.

<sup>2</sup> The 15-year catch-up is subject to a use test, lifetime limit and an annual limit.

<sup>3</sup> A participant may use the greater of either the age 50 catch-up or the special 457 catch-up limit but not both limits in the same year.

<sup>4</sup> Normal retirement age is 50 for Safety employees, otherwise age 60. The maximum contribution under the special catch-up election includes the 457(b)(2) elective deferral limit.

<sup>5</sup> The underutilized limit is the sum of (1) the deferral limit for the current year, plus (2) the deferral limit in prior years minus any deferrals contributed to the Plan for those prior years.

## RETIREMENT PROGRAM SERVICES

Type of Limit	2025	2024	Applied to:
<b>401(a) Defined Contribution (DC) Plan</b>			
<b>§415(c) Annual Additions Limit</b>	\$70,000	\$69,000	Voluntary participant after-tax deferrals, and mandatory pretax employee and employer contributions to the DC Plan (includes Safe Harbor, Supplemental and Savings Choice).
<b>Additional Calendar Year Limits</b>			
<b>§415(b) Dollar Limit</b>	\$280,000	\$275,000	Maximum UCRP benefit payments during Calendar Year
<b>SS Wage Base<sup>6</sup></b>	\$176,100	\$168,600	For Calendar Year, the Taxable Wage Base for the Old Age, Survivors, and Disability Insurance (OASDI) component of the Federal Insurance Contributions Act (FICA) taxes.
<b>Internal Revenue Code Covered Compensation Limit (Effective July 1<sup>st</sup> of Plan Year<sup>7</sup>)</b>			
<b>Grandfathered §401(a)(17) Limit</b>	\$520,000	\$505,000	Pensionable earnings subject to contributions for UCRP Members with an original UCRP entry date prior to 7/1/1994.
<b>§401(a)(17) Limit</b>	\$350,000	\$345,000	Pensionable earnings subject to contributions for UCRP Members with an original UCRP entry date on/after 7/1/1994 who are not subject to the PEPRA Limit <sup>8</sup> .  Earnings subject to contributions to the DC Plan for Savings Choice Participants & Supplemental Benefits for PEPRA limited 2016 Tier Members.
<b>PEPRA Limit (Effective July 1<sup>st</sup> of Plan Year<sup>9</sup>)</b>			
<b>2016 Tier Members Paying into Social Security</b>	\$155,081	\$151,446	Contributions for UCRP 2016 Tier Members with an original hire date of July 1, 2016 and later.
<b>Not paying into Social Security</b>	\$186,096	\$181,734	

<sup>6</sup> The payroll tax rates for employers and employees for OASDI component and the Medicare Hospital Insurance (HI) component will remain at 6.20% and 1.45%, respectively. All wages are subject to the payroll tax for HI. An additional 0.9% HI payroll tax rate will apply on wages over \$200,000 for single filers, over \$250,000 for joint filers, and over \$125,000 for those married filing separately.

<sup>7,9</sup> Applicable starting July 1st for contribution purposes and applicable starting January 1st for Highest Average Plan Compensation (HAPC) purposes (based on the month at the start of each 12-month segment calculated during the HAPC period).

<sup>8</sup> The IRC 401(a)(17) limit includes an employee in the 2016 Tier who either had an initial UCRP entry date prior to 7/1/2016, was a Safe Harbor employee prior to 7/1/2016, or had a CalPERS Membership date prior to 1/1/2013 (if reciprocal provision applies).