

Sizeable Increases to 2023 Plan Limits Due to Inflation

November 1, 2022

The Internal Revenue Service recently issued its annual cost-of-living adjustments (COLAs) for the 2023 tax year for retirement plans as well as health and welfare benefit plans. These COLAs reflect significant increases in the consumer price index (CPI). Plan sponsors should both alert their employees and prepare to allow such changes for the 2023 tax year.

In Notice 2022-55, the IRS set forth COLAs for many retirement plan limits, including significantly increased contribution limits. Please see the table below for retirement plan cost of living adjustments:

Previously, in Revenue Procedures 2022-24 and 2022-38, the IRS increased various limits applicable to health and welfare arrangements. Notably, the IRS increased Health Savings Account annual contribution limit to \$3,850 for single individuals and \$7,750 for families.

Please see the chart below for other health and welfare plan COLAs:

If you have any questions or require assistance administering these changes to your benefit plans, please contact the authors or your Miller Canfield attorney today.