

Covered Compensation, 2020

WAGE BASE \$137,700

Updated Social Security and IRS Amounts for 2020

These four tables list updated figures for IRS pension limits, Social Security amounts, covered compensation, and PBGC premiums for 2020.

Year of birth	Age in 2020	SSRA	Year of SSRA	Covered Compensation Rounded to:			
				\$1*	\$12	\$600**	\$3,000
1953	67	66	2019	83,254	83,244	83,400	84,000
1954	66	66	2020	86,057	86,052	85,800	87,000
1955	65	67	2022	91,474	91,464	91,200	90,000
1956	64	67	2023	94,123	94,116	94,200	93,000
1957	63	67	2024	96,686	96,684	96,600	96,000
1958	62	67	2025	99,154	99,144	99,000	99,000
1959	61	67	2026	101,563	101,556	101,400	102,000
1960	60	67	2027	103,911	103,908	103,800	105,000
1961	59	67	2028	106,200	106,200	106,200	105,000
1962	58	67	2029	108,403	108,396	108,600	108,000
1963	57	67	2030	110,589	110,580	110,400	111,000
1964	56	67	2031	112,731	112,728	112,800	114,000
1965	55	67	2032	114,797	114,792	114,600	114,000
1966	54	67	2033	116,777	116,772	117,000	117,000
1967	53	67	2034	118,637	118,632	118,800	120,000
1968	52	67	2035	120,394	120,384	120,600	120,000
1969	51	67	2036	122,031	122,028	121,800	123,000
1970	50	67	2037	123,540	123,540	123,600	123,000
1971	49	67	2038	124,989	124,980	124,800	126,000
1972	48	67	2039	126,411	126,408	126,600	126,000
1973	47	67	2040	127,774	127,764	127,800	129,000
1974	46	67	2041	129,017	129,012	129,000	129,000
1975	45	67	2042	130,166	130,164	130,200	129,000
1976	44	67	2043	131,186	131,184	131,400	132,000
1977	43	67	2044	132,069	132,060	132,000	132,000
1978	42	67	2045	132,951	132,948	133,200	132,000
1979	41	67	2046	133,834	133,824	133,800	135,000
1980	40	67	2047	134,623	134,616	134,400	135,000
1981	39	67	2048	135,309	135,300	135,600	135,000
1982	38	67	2049	135,900	135,900	136,200	135,000
1983	37	67	2050	136,449	136,440	136,200	137,700
1984	36	67	2051	136,997	136,992	136,800	137,700
1985	35	67	2052	137,297	137,292	137,400	137,700
1986	34	67	2053	137,563	137,556	137,700	137,700
1987	33	67	2054	137,700	137,700	137,700	137,700
1988	32	67	2055	137,700	137,700	137,700	137,700

PBGC Premiums

		2020	2019
Single-Employer Plans			
	Flat-rate premium (per participant)	\$83.00	\$80.00
	Variable-rate premium	\$45 per \$1,000 of unfunded vested benefits	\$43 per \$1,000 of unfunded vested benefits
		Maximum of \$561 per participant	Maximum of \$541 per participant
Multiemployer Plans:			
	Flat-rate premium (per participant)	\$30.00	29.00

*Represents exact average of wage bases, as permitted by law and regulations.
 ** After 1993, IRS does not authorize the use of covered compensation tables rounded to \$600 multiples under 401(l). Thus, integrated plans using this table are not safe-harbor plans.

Tables compiled by Andrew Eisner and Michael Antoine of Buck Global, LLC.

Social Security – 2020 Factors

The Social Security Administration announced updated factors for 2020.

Wage Base.	The maximum amount of wages taxable in 2020 is \$137,700 for Social Security OASDI purposes. All wages are subject to Medicare payroll tax.
COLA.	The cost-of-living increase in benefits is 1.6%, first applicable to December 2019 benefits, payable in January 2020.
Wage Index.	The Average Annual Wage figure of \$52,145.80 will be used in computing benefits for workers who become eligible in 2020. This figure is based on data for the last complete year (2018) and is used to determine other wage-indexed numbers given in the table below.

FACTOR	2020	2019
Wage base:		
for Social Security	\$137,700	\$132,900
for Medicare	No Limit	No Limit
old-law wage base, for indexing PBGC maximum, etc.	\$102,300	\$98,700
Cost-of-living increase (applies to December benefits, payable in January)	1.6%	2.8%
Average Annual Wage (based on data 2 years earlier)	\$52,145.80	\$50,321.89
PIA formula, 1st bend point	\$960	\$926
PIA formula, 2nd bend point	\$5,785	\$5,583
Maximum family benefit, 1st bend point	\$1,226	\$1,184
Maximum family benefit, 2nd bend point	\$1,770	\$1,708
Maximum family benefit, 3rd bend point	\$2,309	\$2,228
Retirement test exempt amount (annual)		
below SSNRA	\$18,240	\$17,640
year of SSNRA	\$48,600	\$46,920
Wages needed for one quarter of coverage	\$1,410	\$1,360
FICA tax rate:		
Social Security (OASDI)	6.20%	6.20%
Medicare (HI) *	1.45%	1.45%
Total	7.65%	7.65%

* The Medicare hospital insurance tax is two-tiered for employees—1.45% applies to wages up to and including \$200,000 for single taxpayers/\$250,000 for married taxpayers filing jointly, and 2.35% applies to wages above those amounts.

IRS Qualified Plan Limits for 2020

Principal Limits

IRC	Limit	2020 Rounded	2019 Rounded	2020 Unrounded	Next Increment	% Increase Needed
415(b)(1)	Defined benefit plan limit	\$230,000	\$225,000	\$230,976	\$235,000	1.8%
415(c)(1)	Defined contribution plan limit	57,000	56,000	57,744	58,000	0.5%
401(a)(17)	Limit on includible compensation *	285,000	280,000	288,720	290,000	0.5%
402(g)(1)	Limit on 401(k)/403(b) elective deferrals	19,500	19,000	19,554	20,000	2.3%
414(q)	HCE definition	130,000	125,000	130,464	135,000	3.5%
414(v)(2)	401(k)/403(b)/457(b) Catch-up deferral Limit	6,500	6,000	6,518	7,000	7.4%

Other Limits

IRC	Limit	2020 Rounded	2019 Rounded	2020 Unrounded	Next Increment	% Increase Needed
457(b)	Limit on deferrals	19,500	19,000	19,554	20,000	2.3%
416(i)	Top-heavy key employee definition	185,000	180,000	187,668	190,000	1.3%
409(o)(1)(C)	ESOP payouts, 5-year limit	1,150,000	1,130,000	1,154,880	1,155,000	0.1%
409(o)(1)(C)	ESOP payouts, additional 1-year limit	230,000	225,000	230,976	235,000	1.8%
408(k)(2)(C)	SEP pay threshold	650	600	650	700	7.7%
401(a)(9)	QLAC (Qualified Longevity Annuity Contract)	135,000	130,000	137,163	145,000	5.8%
132(f)(2)(A)	Commuter/Transit limit (monthly)	270	265	274	275	0.4%
132(f)(2)(B)	Parking limit (monthly)	270	265	274	275	0.4%

* Governmental plans have special rules for eligible participants as defined in OBRA '93.