



2026 Funding Limitations and Safe Harbor Notice

THIS DOCUMENT IS INTENDED FOR U.S.-QUALIFIED PLANS ONLY. This is not applicable for plans qualified only in Puerto Rico.

Deferral (402(g)) \$24,500	Catch-ups 50+ \$8,000 Ages 60–63 (2026): \$11,250
415(c) Annual Additions \$72,000	Comp Cap (401(a)(17)) \$360,000
DB Limit (415(b)) \$290,000	HCE Threshold ('27) \$160,000

Dear Client/Partner,

As our valued client, Pension Services, Inc. strives to provide you with excellent plan design and IRS-recognized compliance. Please review the following information carefully to plan for 2026.

For our clients and advisors with qualified retirement plans maintained in the mainland U.S.A., the Internal Revenue Service (IRS) announced the following cost-of-living adjustments for 2026.

Key 2026 Limits

- 401(k)/403(b) elective deferral (IRC §402(g)): \$24,500.
- Catch-up (age 50+): \$8,000. For employees who attain age 60, 61, 62, or 63 in 2026, the enhanced catch-up remains \$11,250.
- §415(c) annual additions (defined contribution): \$72,000 (employer + employee; plus applicable catch-up).
- §415(b) defined benefit annual limit: \$290,000.
- Annual compensation limit (401(a)(17)): \$360,000.
- Highly Compensated Employee (HCE) threshold: \$160,000 (2026 compensation determines 2027 HCE status).

Action Item List — 2026

Item	Limit
401(k) Elective Deferral Contribution (IRC §402(g))	\$24,500

Retirement Plan Catch-Up Contribution Limit (Age 50+)	\$8,000
Catch-Up Contribution Limit for Ages 60–63	\$11,250
415 Limit (Annual Additions Limit)	\$72,000
Defined Benefit Annual Limit (415(b))	\$290,000
Annual Compensation Cap (401(a)(17))	\$360,000
Highly Compensated Employee Threshold	\$160,000

Maximize Owners' Tax Deductions & Stay Compliant

There is no "one-size-fits-all" retirement plan. Company structures differ—so should your plan strategy. We specialize in custom plan design to maximize contributions for owners/key employees while keeping plans clean and compliant.

Design options include defined benefit, cash balance, 401(k) only, 401(k) + profit sharing, and DB/CB combined with 401(k) profit sharing. Our 401(k) designs commonly include a Safe Harbor provision so key employees can defer at the maximum level.

Opportunity: An employer who does not currently maintain a 401(k) plan can still establish one for 2026, allowing designated employees to contribute up to \$72,000 (or \$80,000 including catch-up if age 50+ in 2026), subject to plan design and eligibility.

Key 2026 Deadlines (Calendar-Year Plans)

- Safe Harbor Match/QACA annual notice: deliver 30–90 days before plan year start. For a 1/1/2027 start, window is Oct 3–Dec 2, 2026.
- New Safe Harbor Match plan (first year): latest effective date 10/1/2026 (plan must run ≥ 3 months initial year). Provide notice 30–90 days prior (i.e., Jul 3–Sep 1, 2026).
- Nonelective Safe Harbor (existing plan): adopt 3% by 12/31/2026; if missed, adopt 4% for 2026 by 12/31/2027 (calendar-year plan).

Start-Up Plans Deadlines

- Defined Benefit / Cash Balance / Profit Sharing: For 2026, may start during 2026 or 2027 if documents are executed by the due date of the 2026 employer tax return (including extensions). S Corps/Partnerships: 3/15/2027 or 9/15/2027. C Corps/Sole Proprietors: 4/15/2027 or 10/15/2027.
- Plans with Salary Deferrals: execute plan documents on or before 12/31/2026 (deferrals reported on Forms W-2).
- Safe Harbor Match 401(k): for a 10/1/2026 effective date, send notice by 9/1/2026 and execute by 10/1/2026. For a 1/1/2027 effective date, send notice Oct 3–Dec 2, 2026 and execute by 12/31/2026.

Existing Plans

- Add Safe Harbor 3% Nonelective: execute amendments by 12/01/2026.

- Retro Safe Harbor 4% Nonelective (if 3% missed): for 2026, execute by 12/31/2027 (calendar-year plan).
- Add Safe Harbor Match effective 1/1/2027: send 30-day notice by 12/01/2026 and execute by 12/31/2026.

Deadline for Salary Deferrals

- Payroll Processing: final opportunity to defer for the 2026 plan year is the last payroll before 12/31/2026.
- Deposit Deadlines: Large plans (100+): as soon as administratively feasible after each payroll (generally within 1–2 business days). Small plans (<100): deemed timely if deposited within 7 business days of payroll withholding.

Contact Us

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