CRC® Examination Retirement Plan Limits and Thresholds
&
CRC® Study Guide Supplement Update

The *CRC*® examination may test on the retirement plan limits and thresholds in effect as of January 1, 2025, and will not test on any regulations passed after this date.

LIMIT TYPE	2024	2025
Maximum compensation limit for contributions to qualified plans & SEPs	$345,000	$350,000
Key employee compensation	$220,000	$230,000
Highly compensated employee	$155,000	$160,000
Minimum compensation SEPs	$750	$750
Defined benefit plan maximum annual 415 benefit limit	$275,000	$280,000
Defined contribution plan annual 415 contribution limit	$69,000	$70,000
Elective deferral limit 401(k), 403(b) & 457	$23,000	$23,500
Age 50 catch-up limit *(for participants who are age 60, 61, 62 or 63, the catch-up limit in 2025 is $11,250)*	$7,500	$7,500
Elective deferral limit SIMPLE IRA & SIMPLE 401(k) **Note: slightly higher deferral and catch-up allowed for some plans**	$16,000	$16,500
Age 50 catch-up limit *(for participants who are age 60, 61, 62 or 63, the catch-up limit in 2025 is $5,250)*	$3,500	$3,500
Traditional & Roth IRA annual addition	$7,000	$7,000
Age 50 catch-up limit	$1,000	$1,000
Traditional IRA MAGI phase-out: Single	$77,000-$87,000	$79,000-$89,000
Traditional IRA MAGI phase-out: MFJ	$123,000-$143,000	$126,000-$146,000
Spousal non-active participant MAGI phase-out: MFJ	$230,000-$240,000	$236,000-$246,000
Roth IRA MAGI phase-out: Single	$146,000-$161,000	$150,000-$165,000
Roth IRA MAGI phase-out: MFJ	$230,000-$240,000	$236,000-$246,000
Health Savings Account single	$4,150	$4,300
Health Savings Account family	$8,300	$8,550
Age 55 catch-up limit	$1,000	$1,000
Social Security (SS) maximum taxable earnings base	$168,600	$176,100
SS annual exempt earnings: years before FRA ($1 for $2 reduction)	$22,320	$23,400
SS annual exempt earnings: year of FRA ($1 for $3 reduction)	$59,520	$62,160
Gift tax annual exclusion	$18,000	$19,000
Estate and lifetime gift tax exclusion	$13.61 mil	$13.99 mil

2025 FEDERAL INCOME TAX DATA

Note: You are not expected to memorize taxable income ranges associated with federal income tax brackets and long-term capital gains rates below. This information is provided for reference purposes only**.**

TAX BRACKET	**SINGLE TAXABLE INCOME**	**MARRIED FILING JOINTLY TAXABLE INCOME**
10%	Up to $11,925	Up to $23,850
12%	$11,926 to $48,475	$23,851 to $96,950
22%	$48,476 to $103,350	$96,951 to $206,700
24%	$103,351 to $197,300	$206,701 to $394,600
32%	$197,301 to $250,525	$394,601 to $501,050
35%	$250,526 to $626,350	$501,051 to $751,600
37%	over $626,350	over $751,600
LONG-TERM CAPITAL GAINS RATE	**SINGLE TAXABLE INCOME**	**MARRIED FILING JOINTLY TAXABLE INCOME**
0%	Up to $48,350	Up to $96,700
15%	$48,351 to $533,400	$96,701 to $600,050
20%	Over $533,400	Over $600,050
TAX DEDUCTION/ CREDITS	**SINGLE**	**MARRIED FILING JOINTLY**
Standard Deduction	$15,000	$30,000
Saver’s Tax Credit	Up to $1,000; $0 if adjusted gross income exceeds $39,500	Up to $2,000; $0 if adjusted gross income exceeds $79,000

Source: www.irs.gov.

CRC® Study Guide Supplement
SECURE Act 2.0 Key Changes
(Provisions effective 1/1/2025 or before)

The Securing a Strong Retirement Act of 2022 (SECURE Act 2.0) was signed into law on December 29, 2022. This supplement summarizes key provisions of the SECURE 2.0 Act that are currently in effect and serves as an update to relevant content that may not be included in previously distributed CRC® study guides, based on the effective dates of the various provisions. <u>This summary is not intended to be a comprehensive review of the entire act, and the CRC® examination may test on the provisions listed below.</u>

Affected plan types: 401(k), 403(b), Governmental 457(b), SIMPLE IRA and SIMPLE 401k Plans

- Permits an employer to make matching contributions under a retirement plan with respect to qualified student loan payments made by the employee. The matching program for student loan payments must mirror the employer's matching program for employee elective deferrals.

Affected plan types: 401(k), 403(b) and Governmental 457(b) plans

- Plans may allow participants to elect or receive matching and non-elective contributions on a Roth basis.
- Under certain circumstances, employees are permitted to self-certify that they have had an event that constitutes a hardship (or unforeseeable emergency for governmental 457(b) plans) for purpose of taking a hardship withdrawal.
- A plan may optionally allow participants who attain ages 60, 61, 62, or 63 in a calendar year to make an alternate "super catch-up" contribution.

Affected plan types: 401(k) and 403(b) plans

- De minimis financial incentives (such as gift cards) valued at no more than $250 are allowed to boost retirement plan participation. The cost for the incentive cannot be paid from plan assets and are only available to employees who are not currently participating in the plan.
- Automatic enrollment provisions must apply starting 1/1/2025 for any new plan started after 12/29/22. Plans must enroll employees with at least a 3% contribution up to a maximum of 10%. Annual auto escalation for these plans will also be required. Employee contributions must escalate 1% per year up to at least 10% but no more than a maximum of 15%. Certain plans are exempted from the rule (e.g. government and church plans, SIMPLE plans, and businesses with 10 or fewer employees). Employees may opt out of participation.

Affected plan types: SEP IRA and SIMPLE IRA

- Plans are allowed to accept Roth contributions.

Affected plan types: SIMPLE IRA and SIMPLE 401(k)

- Employers are permitted to make nonelective contributions above the minimum contribution in a uniform manner provided that the contribution does not exceed the lesser of 10% of compensation or $5,000 (indexed after 2024).
- A plan may optionally allow participants who attain ages 60, 61, 62, or 63 in a calendar year to make an alternate "super catch-up" contribution.

Affected plan type: Traditional and/or Roth IRAs

- The $1,000 catch-up contribution amount for IRA owners 50 and older is now indexed for inflation.
- 529 college savings plan rollovers are allowed into Roth IRAs under the following conditions:
  - The 529 plan must be in place for at least 15 years.
  - Any contributions made within the past five years (and earnings on those contributions) are ineligible to be moved into the Roth IRA.
  - The aggregate amount transferred to the Roth IRA cannot exceed $35,000.
  - The annual transfer amount from the 529 to the Roth IRA is limited to annual IRA contribution limits and is reduced by any "regular" Roth IRA contributions made during the tax year.

Affected plan type: Qualified Longevity Annuity Contracts (QLACs)

- QLACs have an increased dollar limit for premiums from $125,000 to $200,000 (indexed after 2024); the 25% of account balance limitation has been eliminated.

Provisions Impacting Most IRA Accounts and/or Retirement Plans

- The required minimum distribution (RMD) age is increasing from 72 to:

  - 73 for individuals who turn 72 after Dec. 31,2022, and age 73 before Jan. 1, 2033

  - 75 for individuals who turn 74 after Dec. 31, 2032

- Retirement plan participants may elect to include annuity payments when aggregating required minimum distributions (RMDs) among accounts under the same plan. IRA owners may elect to include annuity payments when aggregating RMDs for IRAs.
- A surviving spouse beneficiary of a plan participant may elect to be treated as the deceased employee for RMD purposes. If such an election is made, RMDs for the spouse beneficiary would begin when the participant would have reached their RMD age and calculated using the Uniform Lifetime Table. If the spouse beneficiary dies before their RMDs are required to begin, the inherited distributions options would be determined as if the spouse beneficiary was the participant.
- Distributions from retirement plans and IRAs for qualified birth or adoption distributions (QBAD) must be repaid within 3 years of the distribution in order to be excluded from income. Previously was an unlimited amount of time to repay.

- The involuntary cash-out rollover limit is increased from $5,000 to $7,000 for all applicable defined contribution and defined benefit plans.
- Pre-death required minimum distributions (RMDs) from Roth accounts in defined contribution plans will no longer be required, aligning the employer plan rule with Roth IRAs.
- The excise tax for failure to take required minimum distributions (RMDs) is reduced from 50% to 25%; if corrected in a timely manner, excise tax is further reduced to 10%.
- The age 50 exception to the 10% early withdrawal penalty for qualified public safety employees (including corrections officers of state and local governments) is extended to those who have separated from service and attained age 50 or have 25 years of service, whichever comes first. This provision also applies to private-sector firefighters who are covered by a private-sector entity. Not applicable to IRAs.
- The 10% early withdrawal penalty is waived for terminally ill participants (with a certified life expectancy of 84 months or less). The account owner has up to three years to repay if desired. Optional for plan sponsors
- The 10% early withdrawal penalty is waived for domestic abuse victims when a withdrawal occurs within one year of the incident. The amount is limited to the lesser of $10,000 (indexed after 2024) or 50% of the vested account balance. The account owner has up to three years to repay if desired. Optional for plan sponsors.
- The 10% early withdrawal penalty is waived for one emergency withdrawal per calendar year up to $1,000. The account owner has up to three years to repay if desired. No further withdrawals are allowed for three years unless the original emergency withdrawal has been repaid, or employee contributions to the plan since the withdrawal total at least as much as the amount distributed. Optional for plan sponsors.
- The 10% early withdrawal penalty is waived for participants affected by federally declared disasters. The maximum distribution allowed is $22,000 per disaster and resulting income taxes due may be spread over three years. The account owner has up to three years to repay if desired. Optional for plan sponsors.

Social Security Fairness Act – Recent legislation repealed the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) that reduced Social Security benefits for certain federal government employees and their spouses. As such, the CRC® examination will not test on rules related to the WEP and GPO.