2027 401k Contribution Limits

- The IRS 401(k) contribution limit for 2027 is **$25,500** for employee salary deferrals, and **$75,000** for the combined employee and employer contributions.
- If you're age 50 to 59 or 64 or older, you're eligible for an additional $8,500 in catch-up contributions.
- In 2027, those between ages 60 and 63 will be eligible to contribute up to $11,750 as a catch-up contribution.
    - This means those 50 to 59 or 64 or older will be able to contribute up to $34,000 in 2027 and those 60 to 63 will be able to contribute up to $37,250 in 2027.
    - Acadia's 401k plan allows for after-tax contributions. If elected, you can make post-tax contributions beyond the pretax and Roth contribution limit but less than the combined employee and employer contribution limit to invest even more for retirement. Total contributions cannot exceed your annual compensation at the company that sponsors your plan. Check with your plan sponsor to see what catch-up contributions are available to you.

PLEASE NOTE: the information contained in this document should not be considered financial or tax advice. Participants are responsible for understanding and complying with all IRS rules and regulations. You should consult your tax or financial advisor for guidance.

Roth 401(k) contribution limits

The Roth 401(k) contribution limits for 2024, 2025, 2026, and 2027 are the same as those for traditional 401(k) plans. If you have access to a Roth 401(k) and a traditional 401(k), you can contribute up to the annual maximum across both. In other words, if you're under 50, you can't put more than $25,500 total as employee contributions in your 401(k) accounts in 2027, no matter how many accounts you have.

401(k) contribution limits

	Pretax and Roth employee contributions	Employee + employer contributions	Catch-up contributions (in addition to the employee and employer limit)
401(k) contribution limit for **2024**	$23,000	$69,000	$7,500
401(k) contribution limit for **2025**	$23,500	$70,000	$7,500 (50-59 or 64+), $11,250 (60-63, if your plan allows)
401(k) contribution limit for **2026**	$24,500	$72,000	$8,000 (ages 50-59 or 64+); $11,250 (ages 60-63)
401(k) contribution limit for **2027**	**$25,500**	**$75,000**	**$8,500 (ages 50-59 or 64+); $11,750 (ages 60-63)**

Source: IRS.

401(k) contribution limits when you have multiple 401(k) plans at different employers

If you have access to multiple 401(k) plans through different employers, you are still limited to the total employee contribution amount for the year. For instance, if you have 2 401(k) plans in 2027, you may choose to split your maximum contribution of $25,500 between the plans.

Note: These limits do not affect the amount you can put into an individual retirement account (IRA) each year. You can save the legally allowable maximum in both a 401(k) and an IRA.

After-tax 401(k) contribution limits

If you reach the maximum that you can contribute to your 401(k), Acadia's 401k plan allows you to save more for retirement in your workplace plan through after-tax contributions. That means that while your after-tax contributions have the potential to benefit from investment growth while they're in your 401(k) account, you only pay taxes on the growth when you withdraw funds in retirement.

If you elect to participate in an after-tax account, you may be able to contribute up to the total employee and employer contribution limit for the year, provided your existing employee and employer contributions do not exceed the limit. For example, if you're under 50 and contributing $25,500 and your employer is contributing $20,000 in 2027, you could contribute up to an additional $29,500 as after-tax contributions to bring your total to $75,000.

What happens if you contribute too much to your 401(k)?

If you defer more than your 401(k) plan allows, your excess deferrals will be treated as income in the year they are made and taxed a second time upon distribution. Excess deferrals and earnings can be reported on Form 1099-R when you file taxes.

Luckily, most 401(k) plans have infrastructure in place to prevent overcontributions. But if you switch jobs midyear or have access to multiple plans, you may accidentally wind up saving too much in your 401(k). If this happens, you must request that any excess contributions be returned to you by April 15, including any earnings it made while it was in your 401(k) to avoid double taxation.

How much should you contribute to your 401(k)?

It can be hard to figure out how much to save in your 401(k). How are you supposed to know how much money you'll want or need in retirement?

Fidelity's guideline is to aim to save at least 15% of your income each year (including any employer contributions) for retirement. That includes any savings in other retirement accounts, like a Roth IRA.
How to maximize your 401(k) contributions

To get the most out of your 401(k), make sure you're:

1. **Contributing as early as you can**
   Starting to save as soon as you can is one of the keys to a successful retirement. That's because the longer your money is invested, the longer it has to benefit from compound returns—in other words, when your investment returns earn returns of their own.
2. **Taking full advantage of any 401(k) match**
   A 401(k) match is a special benefit your company puts into your 401(k) based on what you contribute. The formula used to determine 401(k) matches varies by company. Often, this match is 50 cents or $1 for each dollar you contribute. There is also often a cap on the amount your employer will match, such as 6% of your total pay. It's a good idea to contribute at least enough to get your full 401(k) match. Each dollar your company contributes is one that you don't have to.

3. **Working toward saving 15% for retirement**
   That 15% can seem like a huge amount to save for retirement, particularly when you're just starting out. But remember that 15% also includes any percentage that your employer matches, and you're able to start small and work your way up to contribute more. That might mean opting to increase your 401(k) contribution rate by 1% each year or whenever you get a raise. And if you get a bonus or another unexpected windfall, consider setting aside at least a portion of it for your retirement savings.
4. **Keeping track of your 401(k)s**
   It may be surprising, but it's not uncommon for people to forget about 401(k) plans from previous jobs. Audit your résumé and see if you have any retirement accounts collecting dust. Keeping track of these can help you get the most out of the money you've already saved. If you do find money you'd forgotten about in an old plan, learn more about your options.