

# Detailed Analysis of 401(a)(17) Limit Impact

The 401(a)(17) limit is an important aspect of retirement planning for high-earning executives. This document highlights how this limit affects 401(k) contributions and offers strategies to navigate it.



#### **DETAILED EXPLANATION**

The 401(a)(17) limit, established by the IRS, sets a cap on the amount of compensation that can be considered for contributions to certain retirement plans, including 401(k) plans. For 2025, this cap is \$350,000. Any compensation above this threshold is disregarded when calculating contributions.



### **IMPACT ON EXECUTIVES**

This limitation significantly affects executives with high salaries.

Contribution calculations will be based on the first \$350,000 of your compensation, which may result in lower-than-anticipated contributions to your 401(k) plan.



## STRATEGIES TO MAXIMIZE RETIREMENT SAVINGS

To mitigate the impact of the 401(a) (17) limit, consider the following strategies:

- Maximize contributions to IRAs and other non-qualified deferred compensation plans which are not subject to the same limits.
- Explore other retirement savings options such as Health Savings Accounts (HSAs) which offer tax advantages and can help supplement your retirement savings.
- Consider taxable accounts to supplement retirement savings.
- Review your overall investment strategy to ensure it aligns with your long-term financial goals.

#### **SUMMARY**

By being aware of how this limit impacts your 401(k) contributions and exploring strategies to maximize your retirement savings, you can prepare for a more secure financial future. To discuss your specific situation, please email us at <a href="https://doi.org/10.2007/discuss-noise/butter-noise/discuss-noise/

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