



## 2026 Retirement Planning for Business Owners

As the IRS updates retirement plan limits for 2026, business owners have a great opportunity to rethink how they save and how their retirement plan fits into overall cash flow and tax planning. These changes aren't just number updates—they can create meaningful planning advantages when reviewed early.

### Key IRS increases that matter business owners:

- 401(k), 403(b), and 457(b) deferral limit rises to \$24,500 (up from \$23,500).
- Catch up contributions for age 50+ increase to \$8,000
- Special catch up (ages 60-63): Up to \$11,250 depending on plan rules
- Traditional and Roth IRA contribution limits increase to \$7,500, with an additional \$1,100 catch up for age 50+.
- Income limits for Roth contributions and deductible IRAs are also increasing.

### Why Do These Changes Matter?

For business owners, retirement contributions tie into more than just personal savings—they connect to:

- How compensation is structured
- Entity type
- Cash flow planning
- Employer contribution calculations
- Total retirement funding capacity

Because owners can contribute as both “employee” and “employer,” the total contribution limit rises to \$72,000 in 2026, giving more room for tax efficient savings.

### What Should I Focus On For 2026?

- Adjust compensation if needed: Higher limits may make it helpful to revisit salary, bonuses, or owner draws—especially for S Corp owners who need enough W-2 income to defer.
- Consider whether your plan still fits your needs: Growing businesses often outgrow SIMPLE or SEP IRAs. A 401(k) or defined benefit plan may allow for much higher funding.
- Pay attention to Roth rules: Under SECURE 2.0, high income earners age 50+ must make catch up contributions as Roth. This shifts the tax impact but provides tax free withdrawals later.
- Plan ahead for cash flow: Knowing the new limits early can help ensure you can fully fund contributions throughout the year without disrupting operations.



**Roger H. Saks, AIF®**  
Managing Director/Investments

**(212) 328-1680 direct | (844) 735-9471 toll-free | [roger.saks@stifel.com](mailto:roger.saks@stifel.com)**

### Sources

**IRS (Internal Revenue Service).** (2025, November 13). *401(k) limit increases to \$24,500 for 2026, IRA limit increases to \$7,500 (IR-2025-111)*.

**Nicholson, D.** (2025, November 25). *What the 2026 401(k) & IRA limits mean for small business owners.* Certainty News.

**LeValley, D.** (2025, November 20). *6 changes to IRAs, 401(k)s and HSAs in 2026.* Kiplinger.

3 Bryant Park, 3rd & 4th Floor | 1095 Avenue of the Americas | New York, New York 10036  
Stifel, Nicolaus & Company, Incorporated | Member SIPC & NYSE | [stifel.com](http://stifel.com)

**STIFEL**