



# Annual Inflation and Mileage Update 2025

The IRS makes adjustments annually for certain tax items that are required to be inflation-adjusted. The tables below provide the inflation-adjusted amounts for 2025 that are most relevant to nonprofit organizations.

Standard Auto Mileage Rate	
Business	70¢ per mile
Medical (and moving for certain members of the Armed Forces)	21¢ per mile
Charitable	14¢ per mile

## Exclusion amounts for “token” premiums that can be disregarded for purposes of quid pro quo contributions

Fair market value of all items received by donor does not exceed the lesser of \$136 or 2% of the contribution amount, or

The payment to the charity is \$68 or more, the premiums sent in the connection with the contribution bear the charity’s name or logo, and the cost to the charity of all such items sent to a single donor during a one-year period does not exceed \$13.60.

## Limits on employee salary deferrals for 401(k) and 403(b) (other than SIMPLE plans)

Individuals born after 1975	\$23,500
Individuals born before 1976*	\$31,000
Individuals born between 1962 and 1965*	\$34,750

\*Beginning in 2026, catch-up contributions made by certain higher-income participants must be designated as after-tax Roth contributions.

Social Security Wage Base	Foreign earned income exclusion for individuals working abroad
\$176,100	\$130,000

## Level of compensation causing a nonprofit employee to be considered “highly compensated” for purposes of certain qualified benefit plans\*

\$160,000

\* The compensation used in determining whether an individual is highly compensated for this purpose is that of the prior year. Thus, the amount above is the threshold of compensation paid to an employee in 2025 that, if exceeded, will cause the employee to be considered a highly compensated employee in 2026. (A person is considered a highly compensated employee in 2025 if they received more than \$155,000 of compensation in 2024.) The definition of “compensation” varies depending on the specific circumstances, but it generally does not include a validly designated clergy housing allowance within allowable limits.

Annual Cap on deductible payins to health savings accounts (HSAs)	
Single coverage	\$4,300
Family coverage	\$8,550
HSA owners born before 1971	\$1,000 more than the amounts listed
Monthly parking value exclusion (qualified transportation fringe benefit)	
\$325	
Qualified Charitable Distributions	
Annual limit on tax-free qualified charitable distributions (QCD) from traditional Individual Retirement Accounts (IRAs) for individuals 70½ and older	\$108,000
Limit on a one-time QCD from a traditional IRA to a charitable gift annuity or charitable remainder trust <i>(While not completely clear, it appears that the one-time distribution is counted as a part of the annual QCD limit noted above. We expect that the IRS will release guidance that clarifies this point.)</i>	\$54,000

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