

Changes to Retirement Plan Limitations for 2018

October 19, 2017: The Internal Revenue Service (IRS) announced cost-of-living adjustments affecting dollar limitations for pension plans and other qualified retirement plans for tax year 2018.

For instance, the contribution limit for employees who participate in 401(k), 403(b) and most 457 plans is increased from \$18,000 to \$18,500. Some limitations remain unchanged from 2017 including the limit on annual contributions to an IRA. The amount for 2018 will stay at \$5,500 and the catch-up contribution limit for those aged 50 and over also remains unchanged at \$1,000.

Herbein + Company, Inc. offers the grid below as a quick reference of the limits for 2017 and 2018. For a detailed explanation of the adjustments and limitations, contact your Herbein tax professional.

DESCRIPTION - CODE SECTION	2017	2018
Social Security Taxable Wage Base	\$127,200	\$128,700
Employee Compensation		
Compensation limit – 401(a)(17), 404(l), 408(k)(3)(C), 408(k)(6)(D)(ii)	\$270,000	\$275,000
Highly compensated employee compensation threshold – 414(q)(1)(B)	\$120,000	\$120,000
Key employee officer compensation threshold – 416(i)(1)(A)(i)	\$175,000	\$175,000
Control employee for fringe benefit valuation – 1.61 21(f)(5)(i)	\$105,000	\$110,000
Control employee compensation – 1.61 21(f)(95)(iii)	\$215,000	\$220,000
Defined Benefit Plans		
Defined benefit plan annual benefit limit – 415(b)(1)(A)	\$215,000	\$220,000
Defined contribution plan annual contribution plan limit – 415(c)(1)(A)	\$54,000	\$55,000
IRAs		
IRA contribution limit – 219(b)(5)(A)	\$5,500	\$5,500
IRA catch-up contribution – 219(b)(5)(B)	\$1,000	\$1,000
Traditional IRA deduction phase-out (AGI)		
Single, head of household – active participant – 219(g)(3)(B)(ii)	\$62,000/\$72,000	\$63,000/\$73,000
Married filing separate – any spouse participates – 219(g)(3)(B)(iii)	\$0/\$10,000	\$0/\$10,000
Married filing joint – nonparticipating spouse – 219(g)(7)(A)	\$186,000/\$196,000	\$189,000/\$199,000
Married filing joint – participating spouse – 219(g)(3)(B)(i)	\$99,000/\$119,000	\$101,000/\$121,000
ROTH IRA income phase-out range (AGI)		
Married filing joint – 408A(c)(3)(B)(ii)(I)	\$186,000/\$196,000	\$189,000/\$199,000
Single, head of household – 408A(c)(3)(B)(ii)(II)	\$118,000/\$133,000	\$120,000/\$135,000
Married filing separate – any spouse participates – 408A(c)(3)(B)(ii)(III)	\$0/\$10,000	\$0/\$10,000
Retirement Savings Contribution Credit (Saver's Credit) income limit (AGI)		
Married filing joint – 25B(b)(1)(C), 25B(b)(1)(D)	\$62,000	\$63,000
Head of household – 25B(b)(1)(C), 25B(b)(1)(D)	\$46,500	\$47,250
Married filing separate, Single – 25B(b)(1)(C), 25B(b)(1)(D)	\$31,000	\$31,500
SEP		
SEP minimum compensation – 408(k)(2)(C)	\$600	\$600
SEP maximum compensation – 408(k)(3)(C)	\$270,000	\$275,000
401(k), 403(b), 457(b), SARSEPs		
Annual compensation – 401(a)(17)/404(l)	\$270,000	\$275,000
Elective deferrals – 402(g)(1)	\$18,000	\$18,500
Catch-up contributions – 414(v)(2)(B)(i)	\$6,000	\$6,000
Defined contribution limits – 415(c)(1)(A)	\$54,000	\$55,000
ESOP limit – account balance – 409(o)(1)(C)(ii)	\$1,080,000	\$1,105,000
ESOP limit – lengthening 5-year period – 409(o)(1)(C)(ii)	\$215,000	\$220,000
SIMPLE Plan		
Elective deferral limit – 408(p)(2)(E)	\$12,500	\$12,500
Catch-up contribution – 414(v)(2)(B)(ii)	\$3,000	\$3,000