

## IRS Benefit Plan Limits for 2018

On October 19, 2017, the Internal Revenue Service released Notice 2017-64, announcing cost-of-living adjustments (COLAs) that affect contribution limits for retirement plans in 2018. The list below, although not exhaustive, highlights key changes that retirement plan sponsors should be aware of, as well as some limitations that remain unchanged from 2017:

- The elective deferral limit is increasing from \$18,000 to \$18,500.
- The aggregate contribution limit for defined contribution plans is increasing from \$54,000 to \$55,000.
- The annual compensation limit used to calculate contributions is increasing from \$270,000 to \$275,000.
- The limitation on the annual benefit under a defined benefit plan is increasing from \$215,000 to \$220,000.
- The dollar limit used in the definition of “key employee” in a top-heavy retirement plan remains unchanged at \$175,000.
- The dollar limit used in the definition of “highly compensated employee” remains unchanged at \$120,000.
- The catch-up contribution limit for employees age 50 or older remains unchanged at \$6,000.

The table below displays the 2017 and 2018 limits for a host of tax breaks:

401(k) Plan Limits for Plan Year	2018 Limit	2017 Limit
401(k) Elective Deferral Limit <sup>1</sup>	\$18,500	\$18,000
Catch-Up Contribution <sup>2</sup>	\$6,000	\$6,000
Defined Contribution Dollar Limit	\$55,000	\$54,000
Compensation Limit <sup>3</sup>	\$275,000	\$270,000
Highly Compensated Employee Income Limit	\$120,000	\$120,000
Key Employee Officer Limit	\$175,000	\$175,000
<b>Non-401(k) Limits</b>		
403(b) Elective Deferral Limit <sup>1</sup>	\$18,500	\$18,000
Defined Benefit Dollar Limit	\$220,000	\$215,000
457 Employee Deferral Limit	\$18,500	\$18,000
<b>SEP and SIMPLE IRA Limits</b>		
SEP Minimum Compensation	\$600	\$600
SEP Maximum Compensation	\$275,000	\$270,000
SIMPLE Contribution Limit	\$12,500	\$12,500
SIMPLE Catch-Up Contribution <sup>2</sup>	\$3,000	\$3,000
<b>IRA and Roth Limits</b>		
IRA and Roth Contribution Limit	\$5,500	\$5,500
Catch-Up Contribution <sup>2</sup>	\$1,000	\$1,000

<sup>1</sup>Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit.

<sup>2</sup>Contributors must be age 50 or older during the calendar year.

<sup>3</sup>All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.

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