

# { 2017 Annual cost-of-living adjustments }

## Limitations on qualified retirement plan benefits and contributions effective in 2017

### SUMMARY

The IRS recently announced the 2017 cost-of-living adjustments for various retirement plan dollar limits. The indexed amounts, and other commonly used limits, are listed below:

	2014	2015	2016	2017
Maximum Pretax Contribution by Employees to §401(k) plans (§402(g)(1)) <sup>1</sup>	\$17,500	\$18,000	\$18,000	\$18,000
Maximum Pretax Contribution by Employees to a SIMPLE Plan (§408(p)(2)(E)) <sup>1</sup>	\$12,000	\$12,500	\$12,500	\$12,500
Maximum Pretax Contribution by Employees to §403(b) plans (§402(g)(1)) <sup>1,2</sup>	\$17,500	\$18,000	\$18,000	\$18,000
Maximum Exclusion from an eligible §457 plan <sup>1,2</sup>	\$17,500	\$18,000	\$18,000	\$18,000
Maximum After-Tax Contribution by employees to §402A Roth 401(k), 403(b), and governmental 457(b) plans	\$17,500	\$18,000	\$18,000	\$18,000
Defined Benefit Maximum (§415(b)(1)(A)) (\$90,000 in 1987) <sup>3</sup>	\$210,000	\$210,000	\$210,000	\$215,000
Defined Contribution Maximum (§415(c)(1)(A)) <sup>2,3</sup>	\$52,000	\$53,000	\$53,000	\$54,000
Highly Compensated Employees (§414(q)(1)(B)) <sup>4,5</sup> (Compensation Exceeding \$80,000 in 1997)	\$115,000	\$120,000	\$120,000	\$120,000
Considered Compensation Cap (§401(a)(17), 404(l), 408(k)(3)(C), 408(k)(6)(D)(ii)) <sup>4</sup>	\$260,000	\$265,000	\$265,000	\$270,000
Simplified Employee Pension (SEP)				
Compensation Threshold for Participation (§408(k)(2)(C)) <sup>4</sup>	\$550	\$600	\$600	\$600
Key Employee (§416 officer)	\$170,000	\$170,000	\$170,000	\$175,000
Social Security Wage Base	\$117,000	\$118,500	\$118,500	\$127,200
Earnings Limit without losing Social Security benefits				
At least age 62, but under full retirement age <sup>6</sup>	\$15,480	\$15,720	\$15,720	\$16,920
The year an individual reaches full retirement age <sup>7</sup>	\$41,400	\$41,880	\$41,880	\$44,880
Catch up Contribution (§414(v)(2)(B)(i)) for individual aged 50 or over in an employer plan other than a plan described in §401(k)(11) or §408(p) (SIMPLE) <sup>1</sup>	\$5,500	\$6,000	\$6,000	\$6,000
Catch up Contribution (§414(v)(2)(B)(ii)) for individual aged 50 or over in a plan described in §401(k)(11) or §408(p) (SIMPLE) <sup>1</sup>	\$2,500	\$3,000	\$3,000	\$3,000

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<sup>1</sup>Participants' limitation for each calendar year.

<sup>2</sup>Other limitations apply; limits may be exceeded under certain circumstances.

<sup>3</sup>Thresholds are based on the plan (limitation) year which ends during the calendar year.

<sup>4</sup>Amounts are subject to the thresholds in effect at the beginning of the plan (determination) year.

<sup>5</sup>Post-1996 definition of Highly Compensated Employees is: (a) 5% owners during the year or the preceding, or (b) employees with compensation in excess of \$80,000 (as indexed above) for the preceding year, or (c) employees with compensation in excess of \$80,000 (as indexed above) for the preceding year, and in the top 20% of compensated employees for the preceding year as defined by the plan document.

<sup>6</sup>One dollar in benefits will be withheld for every \$2 in earnings above the limit. For retirees born 1943-1954 full retirement age is 66. Full retirement age will gradually increase to age 67 for those born in 1955-1959. Retirement age is 67 for those born in 1960 and later.

<sup>7</sup>Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit. There is no limit on earnings beginning the month an individual attains full retirement age.