



Annual Cost-of-Living Adjustments

Limitations on qualified retirement plan benefits and contributions

The IRS recently announced the 2018 cost-of-living adjustments for various retirement plan dollar limits. The indexed amounts, and other commonly used limits, are listed below:

	2015	2016	2017	2018
Maximum Pretax Contribution by Employees to §401(k) plans (§402(g)(1)) ¹	\$18,000	\$18,000	\$18,000	\$18,500
Maximum Pretax Contribution by Employees to a SIMPLE Plan (§408(p)(2)(E)) ¹	\$12,500	\$12,500	\$12,500	\$12,500
Maximum Pretax Contribution by Employees to §403(b) plans (§402(g)(1)) ^{1,2}	\$18,000	\$18,000	\$18,000	\$18,500
Maximum Exclusion from an eligible §457 plan ^{1,2}	\$18,000	\$18,000	\$18,000	\$18,500
Maximum After-Tax Contribution by employees to §402A Roth 401(k), 403(b), and governmental 457(b) plans	\$18,000	\$18,000	\$18,000	\$18,500
Defined Benefit Maximum (§415(b)(1)(A)) (\$90,000 in 1987) ³	\$210,000	\$210,000	\$215,000	\$220,000
Defined Contribution Maximum (§415(c)(1)(A)) ^{2,3}	\$53,000	\$53,000	\$54,000	\$55,000
Highly Compensated Employees (§414(q)(1)(B)) ^{4,5} (Compensation Exceeding \$80,000 in 1997)	\$120,000	\$120,000	\$120,000	\$120,000
Considered Compensation Cap (§401(a)(17), 404(l), 408(k)(3)(C), 408(k)(6)(D)(ii)) ⁴	\$265,000	\$265,000	\$270,000	\$275,000
Simplified Employee Pension (SEP)				
Compensation Threshold for Participation (§408(k)(2)(C)) ⁴	\$600	\$600	\$600	\$600
Key Employee (§416 officer)	\$170,000	\$170,000	\$175,000	\$175,000
Social Security Wage Base	118,500	118,500	\$127,200	\$128,700
Earnings Limit without losing Social Security benefits				
At least age 62, but under full retirement age ⁶	\$15,720	\$15,720	\$16,920	\$17,040
The year an individual reaches full retirement age ⁷	\$41,880	\$41,880	\$44,880	\$45,360
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) ¹	\$6,000	\$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) ¹	\$3,000	\$3,000	\$3,000	\$3,000

¹Participants' limitation for each calendar year.

²Other limitations apply; limits may be exceeded under certain circumstances.



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



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


⁵Post-1996 definition of Highly Compensated Employees is: (a) 5 percent 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 percent of compensated employees for the preceding year as defined by the plan document.

⁶One dollar in benefits will be withheld for every \$2 in earnings above the limit. For retirees born in 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.

⁷Applies 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.

Michael Krucker
michael.krucker@plantemoran.com 
313-496-8551 

Laura Taylor
laura.taylor@plantemoran.com 
616-643-4025 

Adrean Taylor
adrean.taylor@plantemoran.com 
313.496.8557 