

## IRS Benefit Plan Limits for 2018

The Internal Revenue Service has announced contribution limits for retirement plan participants for 2017. A key change this year is that the defined contribution limit is increasing from \$54,000 to \$55,000 in 2018. All other contribution limits remain the same.

Some associated tax breaks and other items have changed for 2018. Here are the highlights:

- 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 limitation concerning the definition of “key employee” in a top-heavy retirement plan is remaining the same at \$175,000.
- For single taxpayers covered by a workplace retirement plan, the phase-out range for traditional IRA contributions is \$62,000 to \$72,000, up from \$61,000 to \$71,000.
- For married couples filing jointly, where the spouse who is making the IRA contribution is covered by a workplace retirement plan, the phase-out range is \$99,000 to \$119,000, up from \$98,000 to \$118,000.
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple’s income is between \$186,000 and \$196,000, up from \$184,000 and \$194,000.
- The adjusted gross income (AGI) phase-out range for taxpayers making contributions to a Roth IRA is now from \$186,000 to \$196,000 for married couples filing jointly, up from the previous \$184,000 to \$194,000 range. For singles and heads of household, the income phase-out range is from \$118,000 to \$133,000, up from the previous \$117,000 to \$132,000 range.

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>	\$18,000	\$18,000
Defined Benefit Dollar Limit	\$220,000	\$215,000
457 Employee Deferral Limit	\$18,500	\$18,000



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<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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