

IRS Benefit Plan Limits for 2019

The Internal Revenue Service has announced contribution limits for retirement plan participants for 2019. Key changes this year are that the defined contribution limit is increasing from \$55,000 to \$56,000 in 2019, and the annual deferral contribution limit is up to \$19,000 from \$18,500.

Some associated tax breaks and other items have changed for 2019. Here are the highlights:

- The annual compensation limit used to calculate contributions is increasing from \$275,000 to \$280,000.
- The limitation on the annual benefit under a defined benefit plan is increasing from \$220,000 to \$225,000.
- The dollar limitation concerning the definition of “key employee” in a top-heavy retirement plan is increasing from \$175,000 to \$180,000.
- For single taxpayers covered by a workplace retirement plan, the phase-out range for traditional IRA contributions is \$64,000 to \$74,000, up from \$63,000 to \$73,000.
- 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 \$103,000 to \$123,000, up from \$101,000 to \$121,000.
- 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 \$193,000 and \$203,000, up from \$189,000 and \$199,000.
- The adjusted gross income (AGI) phase-out range for taxpayers making contributions to a Roth IRA is now from \$193,000 to \$203,000 for married couples filing jointly, up from the previous \$189,000 to \$199,000 range. For singles and heads of household, the income phase-out range is from \$122,000 to \$137,000, up from the previous \$120,000 to \$135,000 range.

The table below displays the 2018 and 2019 limits for a host of tax breaks:

401(k) Plan Limits for Plan Year	2019 Limit	2018 Limit
401(k) Elective Deferral Limit ¹	\$19,000	\$18,500
Catch-Up Contribution ²	\$6,000	\$6,000
Defined Contribution Dollar Limit	\$56,000	\$55,000
Compensation Limit ³	\$280,000	\$275,000
Highly Compensated Employee Income Limit	\$125,000	\$120,000
Key Employee Officer Limit	\$180,000	\$175,000
Non-401(k) Limits		
403(b) Elective Deferral Limit ¹	\$19,000	\$18,500
Defined Benefit Dollar Limit	\$225,000	\$220,000
457 Employee Deferral Limit	\$19,000	\$18,500



Jill Donnelly
 BDS Consulting Group, Inc.
 324 Grove Street
 Worcester, MA 01605
 (508) 755-8883 x229

SEP and SIMPLE IRA Limits		
SEP Minimum Compensation	\$600	\$600
SEP Maximum Compensation	\$280,000	\$275,000
SIMPLE Contribution Limit	\$13,000	\$12,500
SIMPLE Catch-Up Contribution ²	\$3,000	\$3,000
IRA and Roth Limits		
IRA and Roth Contribution Limit	\$6,000	\$5,500
Catch-Up Contribution ²	\$1,000	\$1,000

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

²Contributors must be age 50 or older during the calendar year.

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

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