

## Special Edition

Each year, the Internal Revenue Service publishes updated dollar limitations for tax-qualified defined benefit and defined contribution plans. The limits are important for tax-qualified plans, as well as many non-qualified plans.

### 2018 Cost of Living Adjustments

Summary	2017 Limit	2018 Limit
Dollar Limit on Elective Deferrals	\$18,000	\$18,500
Catch-up Contribution Limit	\$6,000	\$6,000
Annual Compensation Limit	\$270,000	\$275,000
Section 415 Annual Additions Limit	\$54,000	\$55,000
Highly Compensated Employee	\$120,000	\$120,000
Key Employee (Officers)	\$175,000	\$175,000

#### Dollar Limit on Elective Deferrals

The maximum amount that a participant may defer into a 401(k), 403(b) or 457(b) Plan (or Plans) for a given calendar year will increase from \$18,000 to \$18,500 for 2018.

#### Catch-up Contribution Limit

If your 401(k), 403(b) or governmental 457(b) Plan allows for catch-up contributions, participants age 50 or over in the calendar year may make additional contributions to the Plan. The dollar limit will remain the same in 2018 at \$6,000.

#### Annual Compensation Limit

The Internal Revenue Code limits the amount of annual compensation that may be used for each employee's benefit calculation purposes. For 2018, the annual compensation limit will increase to \$275,000.

#### Section 415 Annual Additions Limit

Internal Revenue Code Section 415 provides for dollar limitations on contributions to defined contribution plans. The dollar limitation for defined contribution plans will increase for 2018 at \$55,000.

#### Highly Compensated Employee

The definition of a Highly Compensated Employee (HCE) is quite complex and depends partly on the provisions elected in your Plan Document. The definition of an HCE generally provides that a HCE is an employee who, for the preceding year, had compensation from the employer in excess of a certain dollar amount. For 2018, the dollar amount will remain the same at \$120,000. For example, an employee with compensation in excess of \$120,000 in the 2018 plan year may be a HCE in the 2019 plan year.

#### Key Employee (Officers)

An individual owns more than 5% of a business, owns more than 1% of a business and has compensation in excess of \$150,000, or is an officer with compensation in excess of a certain dollar amount, is considered a key employee. The \$150,000 dollar limit for 1% owners is not indexed for cost-of-living increases. The dollar limit for officers is indexed for cost-of-living increases and remains the same, at \$175,000, for 2018.

## 2018 Cost of Living Adjustments—Five Year

### IRAs

Summary	2018 Limit	2017 Limit	2016 Limit	2015 Limit	2014 Limit
IRA Contribution Limit	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
IRA Catch-Up Contributions	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

### Defined Benefit

Summary	2018 Limit	2017 Limit	2016 Limit	2015 Limit	2014 Limit
Defined Benefit Limits	\$220,000	\$215,000	\$210,000	\$210,000	\$210,000

### 401(k), 403(b), Profit-Sharing Plans, etc.

Summary	2018 Limit	2017 Limit	2016 Limit	2015 Limit	2014 Limit
Annual Compensation Limit	\$275,000	\$270,000	\$265,000	\$265,000	\$260,000
Dollar Limit on Elective Deferrals	\$18,500	\$18,000	\$18,000	\$18,000	\$17,500
Catch-up Contribution Limit	\$6,000	\$6,000	\$6,000	\$6,000	\$5,500
Section 415 Annual Additions Limit	\$55,000	\$54,000	\$53,000	\$53,000	\$52,000
ESOP Limits	\$1,105,000	\$1,080,000	\$1,070,000	\$1,070,000	\$1,050,000
	\$220,000	\$215,000	\$210,000	\$210,000	\$210,000

### Other

Summary	2018 Limit	2017 Limit	2016 Limit	2015 Limit	2014 Limit
Highly Compensated Employee	\$120,000	\$120,000	\$120,000	\$120,000	\$115,000
Key Employee (Officer)	\$175,000	\$175,000	\$170,000	\$170,000	\$170,000
457 Elective Deferrals	\$18,500	\$18,000	\$18,000	\$18,000	\$17,500
Control Employee (board member or officer)	\$110,000	\$105,000	\$105,000	\$105,000	\$105,000
Control Employee (compensation-based)	\$220,000	\$215,000	\$215,000	\$215,000	\$210,000
Taxable Wage Base	\$128,400	\$127,200	\$118,500	\$118,500	\$117,000

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