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COMPENSATION AND BENEFITS



SUBJECT

IRS RELEASES UPDATED COST OF LIVING ADJUSTMENTS FOR THE 2017 PLAN YEAR

SUMMARY

On October 27, 2016, the Internal Revenue Service (“IRS”) announced cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for the 2017 tax year. The table below summarizes the updated IRS limits on benefits and compensation, the updated limits on certain welfare plans, and the updated taxable wage base for the FICA Social Security tax. The IRS issued technical guidance detailing these items in Notice 2016-62, Rev. Proc. 2016-55 and Rev. Proc. 2016-28.

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Retirement Plan Updated Limits

	2017	2016	2015	2014	2013
Maximum Elective Deferral 402(g)(1) for 401(k)/403b/457 Plans	\$18,000	\$18,000	\$18,000	\$17,500	\$17,500
Catch-up Contributions 414(v)(2)(B)(i) for 401(k)/403b/457 Plans	\$6,000	\$6,000	\$6,000	\$5,500	\$5,500
Defined Contribution Plan Annual Additions Limit 415(c)(1)(A)	\$54,000	\$53,000	\$53,000	\$52,000	\$51,000
Defined Benefit Plan Annual Benefit Limit 415(b)(1)(A)	\$215,000	\$210,000	\$210,000	\$210,000	\$205,000
Qualified Plan Compensation Limit 401(a)(17)/404(l)	\$270,000	\$265,000	\$265,000	\$260,000	\$255,000
Highly Compensated Employees Compensation Test 414(q)(1)(B)	\$120,000	\$120,000	\$120,000	\$115,000	\$115,000
Top Heavy Key EE Definition Officer Test 416(i)(1)(A)(i)	\$175,000	\$170,000	\$170,000	\$170,000	\$165,000
SIMPLE Plan Maximum Contributions 408(p)(2)(E)	\$12,500	\$12,500	\$12,500	\$12,000	\$12,000
SIMPLE Plan Catch-up Contributions 414(v)(2)(B)(ii)	\$3,000	\$3,000	\$3,000	\$2,500	\$2,500
SEP Maximum Contribution 408(j)	\$54,000	\$53,000	\$53,000	\$52,000	\$51,000
SEP Minimum Compensation 408(k)(2)(C)	\$600	\$600	\$600	\$550	\$550
SEP Maximum Compensation 408(k)(3)(C)	\$270,000	\$265,000	\$265,000	\$260,000	\$255,000
IRA Contribution Limit 219(b)(5)(A)	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
IRA Catch-up Contributions 219(b)(5)(B)	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
ESOP Limits 409(o)(1)(C)(ii) Five Year Distribution Threshold	\$1,080,000	\$1,070,000	\$1,070,000	\$1,050,000	\$1,035,000
ESOP Limits 409(o)(1)(C)(ii) Additional Year Threshold	\$215,000	\$210,000	\$210,000	\$210,000	\$205,000
Control Employee (board member or officer) 1.61-21(f)(5)(i)	\$105,000	\$105,000	\$105,000	\$105,000	\$100,000
Control Employee (compensation-based) 1.61-21(f)(5)(iii)	\$215,000	\$215,000	\$215,000	\$210,000	\$205,000

Welfare Plan Updated Limits

	2017	2016	2015	2014	2013
Flexible Spending Arrangement 125(i)	\$2,600	\$2,550	\$2,550	\$2,500	\$2,500
Health Savings Account 223(b)(2)(A)	\$3,400	\$3,350	\$3,350	\$3,300	\$3,250
Adoption Assistance Credit 137(a)(2)	\$13,570	\$13,400	\$13,400	\$13,190	\$12,970

FICA Social Security Tax Updated Limit

	2017	2016	2015	2014	2013
Social Security Taxable Wage Base	\$127,200	\$118,500	\$118,500	\$117,000	\$113,700
Social Security Insurance Rates	6.20%	6.20%	6.20%	6.20%	6.20%
Medicare Insurance Rates	1.45%	1.45%	1.45%	1.45%	1.45%
Additional Medicare Insurance Tax Rates for wages, compensation or self-employment income in excess of \$250,000/\$125,000/\$200,000 depending on filing status	0.90%	0.90%	0.90%	0.90%	0.90%

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