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2018 Benefit Limits

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Services

Employee Benefits; Health & Welfare Plans; Retirement Income Plans

Retirement Plan Limits

The IRS updated very few of the retirement plan limits effective for the plan year that begins on or after January 1, 2018. A comparison of the 2018 and 2017 limits is listed below.

	2017	2018
Maximum Elective Deferrals to §401(k), §403(b), and §457(b) Plans	\$18,000	\$18,500
Maximum Catch-up Elective Deferrals to Plans other than SIMPLE Plans (age 50 by the end of the year)	\$6,000	\$6,000
Section 415 Limits		
- Defined Contribution Plan Annual Addition Maximum	\$54,000	\$55,000
- Defined Benefit Plan Dollar Maximum	\$215,000	\$220,000
Annual Compensation Limit under §§401(a)(17), 404(l) and 408(k)	\$270,000	\$275,000
§414(q) Highly Compensated Employee definition	\$120,000	\$120,000
§416(i) Top-Heavy Compensation – Used to determine officers as key employees	\$175,000	\$175,000
§409(o) Maximum ESOP Account Balance Subject to 5-Year Distribution Period	\$1,080,000	\$1,105,000
ESOP Amount Used to Determine Extensions of the 5-Year Distribution Period	\$215,000	\$220,000
§408A Maximum Roth IRA Contribution (AGI Limit)		
Married Filing Joint Return or Qualifying Widower	\$186,000	\$189,000
All other Taxpayers (other than married filing separately)	\$118,000	\$120,000

Social Security Tax and Wage Base

For calendar year 2018, the Social Security taxable wage base increases to \$128,400 from \$127,200 (as revised by the Social Security Administration on November 27, 2017).

Medicare Tax

The regular Medicare tax rate of 1.45% remains unchanged and applies to all income without a limitation for both the employee and employer portion. The Affordable Care Act additional Medicare tax of 0.9% remains unchanged. The additional Medicare tax applies to wages, other compensation, and self-employment income over certain dollar thresholds (\$200,000 for single and \$250,000 for married filing jointly). The additional Medicare tax only applies to the employee and not the employer. IRS regulations

require an employer to withhold the additional Medicare tax on wages or compensation it pays to an employee in excess of \$200,000 in a calendar year.

Health and Fringe Benefit Plan Limits

Updated health and fringe benefit plan adjustments also apply for the 2018 calendar year. A comparison of the 2018 and 2017 limits is listed below.

	2017	2018
Health Savings Accounts – HDHP Limits (§223(c)(2)(A))		
HDHP Minimum Annual Deductible – Self Only	\$1,300	\$1,350
HDHP Minimum Annual Deductible – Family	\$2,600	\$2,700
HDHP Out-of-Pocket Maximum – Self Only	\$6,550	\$6,650
HDHP Out-of-Pocket Maximum – Family	\$13,100	\$13,300
Health Savings Accounts – Maximum Contribution Limits (§223(b))		
Self Only	\$3,400	\$3,450
Family	\$6,750	\$6,900
Catch-Up Contributions (age 55 by the end of the year)	\$1,000	\$1,000
Out-of-Pocket Maximum – PHSA §2707(b) Limits		
Self Only	\$7,150	\$7,350
Embedded Individual Max within Family Coverage	\$7,150	\$7,350
Family	\$14,300	\$14,700
Transportation Fringe Benefits – Monthly Limits (§132(f)(2))		
Parking	\$255	\$260
Transit Passes and Vanpooling (combined)*	\$255	\$260
Health FSA Contribution Limit (§125(i))	\$2,600	\$2,650
Dependent Care FSA Contribution Limit (§129(a)(2))*	\$5,000	\$5,000
Employer Adoption Assistance Exclusion (§137)		
Maximum Gross Income Exclusion	\$13,570	\$13,840
Maximum AGI Limit (after which exclusion phases out)	\$203,540	\$207,580

* Special income tax situations may require a lower limit.

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