

MEMO# 30919

October 19, 2017

IRS Announces Retirement Plan Limitations for 2018

[30919]

October 19, 2017

TO: ICI Members

Pension Committee

Pension Operations Advisory Committee SUBJECTS: Pension RE: IRS Announces Retirement Plan Limitations for 2018

The Internal Revenue Service has released annual cost of living and other adjustments applicable to dollar limitations for pension and retirement plans. The news release is available [here](#) and Notice 2017-64, which also contains the updated limits, is available [here](#). Notably, the elective deferral limit for participants in 401(k), 403(b) and most 457 plans has increased to \$18,500. Many other limits will not change for 2018 because the increase in the cost-of-living index did not meet the statutory thresholds that trigger their adjustment. Effective for tax year 2018, the dollar limitations include, but are not limited to, the following:

Limit

2017

2018

Defined benefit plan limit, IRC § 415(b)(1)(A)

\$215,000

\$220,000

Defined contribution plan limit, IRC § 415(c)(1)(A)

\$54,000

\$55,000

Annual compensation limit, IRC §§ 401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii)

\$270,000

\$275,000

Limit used for definition of highly compensated employee, IRC § 414(q)(1)

\$120,000

\$120,000

Elective deferral limit, IRC § 402(g)

\$18,000

\$18,500

Deferral limit for state and local governments and tax-exempt organizations, IRC § 457(e)(15)

\$18,000

\$18,500

SEP compensation amount, IRC § 408(k)(2)(C)

\$600

\$600

SIMPLE contribution limit, IRC § 408(p)(2)(E)

\$12,500

\$12,500

Catch-up contributions to qualified plans, 403(b) plans and 457 plans, IRC § 414(v)(2)(B)(i)

\$6,000

\$6,000

Catch-up contributions to SIMPLE plans, IRC § 414(v)(2)(B)(ii)

\$3,000

\$3,000

IRA contribution limit, IRC § 219(b)(5)(A)

\$5,500

\$5,500

Catch-up contributions to IRAs, IRC § 219(b)(5)(B)

(this amount is not adjusted for cost of living)

\$1,000

\$1,000

QLAC premium limit, Treas. Reg. § 1.401(a)(9)-6,
A-17(b)(2)(i)

\$125,000

\$130,000

The news release describes all plan limits for 2018 and provides updated income limits for determining (1) eligibility for the saver's credit (IRC § 25B(b)), (2) the deductible amount of a traditional IRA contribution (IRC § 219(g)), and (3) the maximum Roth IRA contribution (IRC § 408A(c)(3)(B)(ii)).

Elena Barone Chism
Associate General Counsel - Retirement Policy

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.