



## Flashpoint: IRS Announces 2017 Cost of Living Adjustments to Various Retirement Plan Limits

The IRS just released the cost of living adjustments for various retirement plan limitations that will take effect on January 1, 2017. Most of the limits will not be increasing for 2017. The Consumer Price Index, on which these limits are based, went up on 3% during 2016. However, there were some limits that increased (shown below in bold italics), notably the compensation that is taken into account for plan purposes and the total amount that can be contributed on behalf of any participant in a defined contribution (including 401(k) plan). The 2017 and current limits are as follows:

	For Calendar Year	
	2016	2017
<b>Maximum Defined Benefit Plan Benefit</b> (IRC §415(b)) (applies to limitation years <u>ending</u> in indicated year)	\$210,000	<b>\$215,000</b>
<b>Maximum Defined Contribution Annual Addition</b> (IRC §415(c)) (applies to limitation years <u>ending</u> in indicated year)	\$53,000	<b>\$54,000</b>
<b>Salary Deferral Limit</b> (IRC §402(g))	\$18,000	\$18,000
<b>Catch-up Limit</b> for 401(k), 403(b), 457 plans (applies to <u>calendar</u> year)	\$6,000	\$6,000
<b>HCE Compensation</b> (applies to lookback years in indicated year)	\$120,000	\$120,000
<b>Maximum Compensation for Retirement Plan Purposes</b> (IRC §401(a)(17)) (applies to plan years <u>beginning</u> in indicated year)	\$265,000	<b>\$270,000</b>
<b>Key Employee: Officer</b>	\$170,000	<b>\$175,000</b>
<b>Key Employee: 1% Owner</b>	\$150,000	\$150,000

<b>Social Security Taxable Wage Base for OASDI Contributions</b>	\$118,500	<b>\$127,200</b>
<b>457(b) Contribution Limit</b>	\$18,000	\$18,000
<b>SIMPLE Salary Deferral Limit</b>	\$12,500	\$12,500
<b>SIMPLE Catch-up Limit</b>	\$3000	\$3000
<b>IRA Contribution Limit</b>	\$5,500	\$5,500
<b>IRA Catch-up Limit</b>	\$1,000	\$1,000
<b>SEP Threshold</b>	\$600	\$600
<b>ESOP: 5-year Distribution Factor</b>	\$210,000	<b>\$215,000</b>
<b>ESOP: Account Balance</b>	\$1,070,000	<b>\$1,080,000</b>

If you have any questions, please let us know.



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