




Flashpoint: The IRS Announces 2019 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, 2019. Many of the limits will be increasing for 2019. The key limits that increased (shown below in ***bold italics***) include the compensation that is taken into account for plan purposes, the salary deferral limit, and the total amount that can be contributed on behalf of any participant in a defined contribution (including 401(k)) plan. The 2019 and prior year limits are as follows:

	For Calendar Year	
	2018	2019
Maximum Defined Benefit Plan Benefit (IRC §415(b)) (<i>applies to limitation years <u>ending</u> in indicated year</i>)	\$220,000	\$225,000
Maximum Defined Contribution Annual Addition (IRC §415(c)) (<i>applies to limitation years <u>ending</u> in indicated year</i>)	\$55,000	\$56,000
Salary Deferral Limit (IRC §402(g))	\$18,500	\$19,000
Catch-up Limit for 401(k), 403(b), 457 plans (<i>applies to <u>calendar</u> year</i>)	\$6,000	\$6,000
HCE Compensation (<i>applies to lookback years in indicated year</i>)	\$120,000	\$125,000
Maximum Compensation for Retirement Plan Purposes (IRC §401(a)(17)) (<i>applies to plan years <u>beginning</u> in indicated year</i>)	\$275,000	\$280,000
Key Employee: Officer	\$175,000	\$180,000
Key Employee: 1% Owner	\$150,000	\$150,000

Social Security Taxable Wage Base for OASDI Contributions	\$128,400	\$132,900
457(b) Contribution Limit	\$18,500	\$19,000
SIMPLE Salary Deferral Limit	\$12,500	\$13,000
SIMPLE Catch-up Limit	\$3,000	\$3,000
IRA Contribution Limit	\$5,500	\$6,000
SEP Threshold	\$600	\$600
ESOP: 5-year Distribution Factor	\$220,000	\$225,000
ESOP: Account Balance	\$1,105,000	\$1,130,000
Premiums for QLACs	\$130,000	\$130,000

If you have any questions, please let us know.



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