

OCTOBER 30, 2016

[IRS Announces New Benefit Limits for 2017](#)



On October 28, 2017 the IRS [announced](#) 2017 cost-of-living adjustments for annual contribution and other dollar limits affecting 401(k) and other retirement plans. Salary deferral limits to 401(k) and 403(b) plans remained unchanged for the second year in a row, but other dollar limit adjustments were made. Citations below are to the Internal Revenue Code.

Limits That Remain the Same for 2017 Are As Follows:

- The annual Salary Deferral Limit for 401(k), 403(b), and most 457 plans, currently \$18,000, stays the same.
- The age 50 and up catch-up deferral limit, currently \$6,000, also remains the same. For 2017 as in this year, the maximum salary deferral an individual age 50 or older may make is \$24,000.
- The compensation threshold for determining a “highly compensated employee” remains unchanged at \$120,000.
- Traditional and Roth IRA contributions and catch-up amounts remain unchanged at \$5,500 and \$1,000, respectively.
- The compensation threshold for SEP participation remained the same at \$600.
- The SIMPLE 401(k) and IRA contribution limit remained the same at \$12,500.

Limits That Changed for 2017 Are As Follows:

–The maximum total annual contribution to a 401(k) or other “defined contribution” plan under 415(c) increased from \$53,000 (\$59,000 for employees aged 50 and older) to \$54,000 (\$60,000 for employees aged 50 and olded).

–The maximum annual benefit under a defined benefit plan increased from \$210,000 to \$215,000.

–The maximum amount of compensation on which contributions may be based under 401(a)(17) increased from \$265,000 to \$270,000.

-The compensation dollar limit used to determine key employees in a top-heavy plan increased from \$170,000 to \$175,000.

In a separate [announcement](#), the Social Security Taxable Wage Base for 2017 increased from \$118,500 to \$127,200.

<https://www.irs.gov/pub/irs-drop/n-16-62.pdf>

https://www.ssa.gov/policy/docs/quickfacts/prog_highlights/RatesLimits2017.html