

Alert

2017 Retirement Plan Dollar Limits Mostly Remain Flat with Some Increases

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The Internal Revenue Service and the Social Security Administration announced the cost-of-living adjustments affecting limitations for qualified retirement plans and IRAs for 2017. Overall, the limitations remain flat because inflation is low.

IRS Notice 2016-62 sets forth the annual dollar limitations effective Jan. 1, 2017, as required under Section 415(d) of the Internal Revenue Code. Employees will be able to continue to defer up to \$18,000 into their qualified defined contribution plans, and an additional \$6,000 for those over the age of 50, for a combined total of \$24,000. The Consumer Price Index for All Urban Consumers is the benchmark used to determine the index and did not have the increases needed to trigger many adjustments for 2017. As a result, some of the 2017 dollar limits will again remain unchanged as noted in the chart below and a few limits will increase, most notably the annual addition limit for defined contribution plans increases to \$54,000.

IRS Limits	Internal Revenue Code Section	2013	2014	2015	2016	2017
Elective Deferral Limit for 401(k), 403(b) and 457(b) Plans	§ 402(g)(1) § 457(e)(15)	\$17,500	\$17,500	\$18,000	\$18,000	\$18,000
Catch-Up Contribution Limit for Age 50+	§ 414(v)(2)(B)(i)	\$5,500	\$5,500	\$6,000	\$6,000	\$6,000
Annual Compensation Limit for Qualified Plans	§ 401(a)(17), § 404(l), § 408(k)(3)(C)	\$255,000	\$260,000	\$265,000	\$265,000	\$270,000
Defined Contribution Plan Limit on Annual Additions	§ 415(c)(1)(A)	\$51,000	\$52,000	\$53,000	\$53,000	\$54,000
Highly Compensated Employee Limit	§ 414(q)(1)(B)	\$115,000	\$115,000	\$120,000	\$120,000	\$120,000

IRS Limits	Internal Revenue Code Section	2013	2014	2015	2016	2017
Defined Benefit Plan Maximum Annual Benefit	§ 415(b)(1)(A)	\$205,000	\$210,000	\$210,000	\$210,000	\$215,000
Key Employee Limit for Top Heavy Purposes	§ 416(i)(1)(A)(i)	\$165,500	\$170,000	\$170,000	\$170,000	\$175,000
Social Security Taxable Wage Base	OASDI	\$113,700	\$117,000	\$118,500	\$118,500	\$127,200
IRA Contributions	§ 219(b)(5)(A), (D)	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
IRA Catch-up Contribution Limit for Age 50+	§ 219(b)(5)(B)	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

Employers and plan sponsors of qualified retirement plans should communicate these limits for 2017 to plan participants. We are available to advise you on updating your enrollment materials, summary plan descriptions, employee handbooks and other employee communications. If you have any questions about the new limits or any other employee benefit matters, please feel free to contact one of the authors.

Authored by [Mark E. Brossman](#) and [Susan E. Bernstein](#).

If you have any questions concerning this *Alert*, please contact your attorney at Schulte Roth & Zabel or one of the authors.

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