

# 2017 Cost of Living Adjustments Announced

On October 27, 2016, the Internal Revenue Service released Information Release 2016-141.

The 2017 dollar limits are as follows:

<u>LIMIT</u>	<u>2017</u>	<u>2016</u>
<b>Defined Benefit Plans</b>		
The lesser of the maximum dollar limitation for annual benefits under defined benefit plans under Internal Revenue Code (IRC) Section 415(b)(1)(A) or 100% of the participant's average compensation for his high 3 years.	\$215,000	\$210,000
<b>Defined Contribution Plan 415 dollar limit</b>		
The lesser of the dollar limitation for annual additions under defined contribution plans under IRC Section 415(c)(1)(A) or 100% of compensation.	\$54,000	\$53,000
<b>401(k)/403(b)/Existing SARSEP Elective deferral limit</b>		
The limitation on cumulative elective deferrals(including designated Roth contributions) to a 401(k), 403(b) tax deferred annuity, simplified employee pension, and SIMPLE retirement plan in a tax year, as coordinated under IRC Section 402(g)(1).	\$18,000	\$18,000
<b>457 Deferral Limits</b>		
The lesser of the limitation on vested contributions to 457 plans under IRC Section 457(e)(15) or 100% of includible compensation.	\$18,000	\$18,000

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## LIMIT

2017

2016

### **403(b) Catch-up limit**

The maximum available 402(g) elective deferral limit plus the special catch-up election for employees participating in a 403(b) tax deferred annuity who have had at least 15 years of service with an educational organization, hospital, home health agency, health and welfare service agency, church or convention or association of churches. *Note: The additional 403(b) special catch-up of up to \$3,000 per year cannot exceed cumulatively \$15,000 over the lifetime of the 403(b) participant.*

\$21,000

\$21,000

### **457 Catch-up limit**

The special catch-up election for employees participating in an eligible 457 deferred compensation who have elected the special catch-up available in the three years prior to the year of normal retirement age.

\$36,000

\$36,000

*Note: The participant in a governmental 457(b) plan may make catch-up contributions in a year equal to the greater of (a) the amount permitted under the age 50+ catch-up, or (b) the amount permitted under the 457 catch-up.*

### **Age 50+ Catch-up Limits**

The special catch-up available under IRC Section 414(v) for individuals at least 50 years old in 2017 and make eligible pre-tax contributions to 401(k), 403(b), and governmental 457 plans.

\$6,000

\$6,000

The special catch-up is available for individuals who are at least 50 years old in 2017 and make eligible pre-tax contributions to a SIMPLE plan.

\$3,000

\$3,000

### **Definition of Key Employee**

The compensation threshold used for determining key employees under IRC Section 416(i)(1)(A)(i).

\$175,000

\$170,000

### **Definition of Highly Compensated Employees**

The compensation threshold used for determining highly compensated employees under IRC Section 414(q)(1)(B).

\$120,000

\$120,000

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**LIMIT****2017****2016****Compensation Limit**

The annual limit of compensation that may be taken into account for contribution purposes in accordance with IRC Section 401(a)(17).	\$270,000	\$265,000
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The annual limit of compensation that may be taken into account for contribution purposes in accordance with IRC Section 401(a)(17) (certain grandfathered governmental plan participants).	\$400,000	\$395,000
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**Adjusted Gross Income Limit for Saver's Credit**

The highest adjusted gross income (based on federal income tax filing status) taken into account for eligibility for the Saver's Credit under IRC Section 25B.	\$62,000 (joint)	\$61,500 (joint)
	\$31,000(single)	\$30,750 (single)
	\$46,500 (head of household)	\$46,125 (head of household)

**SIMPLE Retirement Accounts**

Compensation taken into account that an employee may elect to defer under a SIMPLE retirement plan described in IRC Section 408(p)(2).	\$12,500	\$12,500
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**Compensation for SEPs**

Compensation taken into account to determine eligibility for simplified employee pensions (SEPs).	\$600	\$600
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On October 18, 2016, the Social Security Administration released its cost of living information for 2017:

**Taxable Wage Base****2017****2016**

Maximum amount of earnings subject to payroll tax.	\$127,200	\$118,500
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