

# Alerts

## Annual Limits for 2018

### IRS Announces Retirement Plan Changes

In News Release IR-2017-177 and Notice 2017-64, the IRS announced the cost-of-living adjustments that apply to various retirement plan dollar limits for the 2018 tax year. Some of the more common limits are shown in the accompanying table.

Also included in the table is information released by the Social Security Administration regarding the cost-of-living adjustments to the maximum earnings subject to the Social Security payroll tax.

	2017 Limit	2018 Limit
Annual limit on 401(k) and 403(b) elective deferrals <i>Code § 402(g)(1)</i>	\$ 18,000	\$ <b>18,500</b>
Annual limit on 457 deferrals <i>Code § 457(e)(15)</i>	18,000	<b>18,500</b>
Annual limit on catch-up contributions to 401(k), 403(b), and 457 eligible governmental plans for employees age 50 or older <i>Code § 414(v)(2)(B)(i)</i>	6,000	<b>6,000</b> (unchanged)
Annual limit on annual additions to defined contribution plans <i>Code § 415(c)(1)(A)</i>	54,000	<b>55,000</b>
Annual limit on benefits payable from defined benefit plans <i>Code § 415(b)(1)(A)</i>	215,000	<b>220,000</b>
Annual limit on compensation considered for certain plan purposes <i>Code §§ 401(a)(17) and 404(l)</i>	270,000	<b>275,000</b>
Highly Compensated Employees <i>Code § 414(q)(1)(B)</i>	120,000	<b>120,000</b> (unchanged)
Key Employees <i>Code § 416(i)(1)(A)(i)</i>	175,000	<b>175,000</b> (unchanged)
Social Security — Maximum Taxable Earnings		
• Social Security (OASDI only)	127,200	<b>128,700</b>
• Medicare (HI only)	No limit	<b>No limit</b>

### Limits Related to High Deductible Health Plans and Health Savings Accounts

On May 4, 2017, the Internal Revenue Service announced in *Revenue Procedure 2017-37* the calendar year 2018 limits for contributions to health savings accounts (HSAs) and their linked high deductible health plans (HDHPs). The changes reflect a cost-of-living adjustment and rounding rules under Internal Revenue Code Section 223.

		2017 Limit	2018 Limit
HDHP minimum deductible	Self-only:	\$1,300	<b>\$1,350</b>
	Family:	\$2,600	<b>\$2,700</b>
HDHP maximum out-of-pocket expenses <sup>1</sup>	Self-only:	\$6,550	<b>\$6,650</b>
	Family:	\$13,100	<b>\$13,300</b>
HSA contribution limit (employee + employer)	Self-only:	\$3,400	<b>\$3,450</b>
	Family:	\$6,750	<b>\$6,900</b>
HSA catch-up contributions (age 55 or older) <sup>2</sup>		\$1,000	<b>\$1,000</b> (unchanged)

<sup>1</sup> Out-of-pocket expenses include deductibles, copayments, and other amounts, but exclude premiums.

<sup>2</sup> The HSA catch-up contribution amount is not indexed, and an increase would require a statutory change.

If you have questions regarding the 2018 annual limits or other employee benefit matters, please contact your BPS&M consultant or call us at 1.800.222.5493.

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If you have questions or comments regarding Alerts, you can contact us by mail at 5301 Virginia Way, Suite 400, Brentwood, TN 37027, by phone at 615.665.1640, or by email at [developments@bpsm.com](mailto:developments@bpsm.com). Or visit us on the web at [www.bpsm.com](http://www.bpsm.com).

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