

Employee Benefits Plan Newsletter

2018 Cost-of-Living Adjustments

By Louis F. LiBrandi, Principal

The IRS issued [Notice 2017-64](#) announcing cost-of-living adjustments affecting dollar limitations for tax-qualified retirement plans and other retirement-related items for the 2018 tax year. [Revenue Procedure 2017-58](#) provides cost-of-living adjustments to dollar limitations affecting health and welfare plans.

Plan sponsors should review the cost-of-living adjustments (COLAs) to determine what, if any, changes need to be communicated to employees via orientation meetings and enrollment forms. In addition, the amounts may need to be updated and/or inputted into the payroll or other Human Resources information system used by the employer to monitor contributions made to an employee benefit plan.

The table below contains the dollar limitation for retirement plans and other benefit plan limits and thresholds for the 2016 through 2018 tax years.

Limits			
Retirement Plans	2018	2017	2016
402(g) Elective Deferrals. Maximum salary-reduction contribution; 401(k), 403(b) and 457(b) plans.	\$18,500	\$18,000	\$18,000
Catch-up Contributions. Age 50 or older additional salary reduction contributions; 401(k), 403(b), government 457(b) plans.	\$6,000	\$6,000	\$6,000
401(a)(17) Compensation Limit. Ceiling for using compensation to determine benefits in a qualified retirement plan.	\$275,000	\$270,000	\$265,000
415. Maximum dollar amount for a defined contribution plan (excludes catch-up).	\$55,000	\$54,000	\$53,000
Highly Compensated Employee (HCE). Compensation earned in a prior year is used to determine if a participant is a HCE.	\$120,000	\$120,000	\$120,000
Key Employee. Minimum compensation for an officer to be treated as a "key employee".	\$175,000	\$175,000	\$170,000

Social Security Wage Base	2018	2017	2016
Social Security Taxable Wage Base.	\$128,700	\$127,200	\$118,500
Welfare Plans	2018	2017	2016
Health FSA Contribution Limit.	\$2,650	\$2,600	\$2,550
HSA Contribution Limit – Single.	\$3,450	\$3,400	\$3,350
HSA Contribution Limit – Family.	\$6,900	\$6,750	\$6,750

Contact Us

For more information or if you have any questions, please contact [Louis F. LiBrandi](mailto:lbrandi@pkfod.com), Principal at lbrandi@pkfod.com [telephone: 646.449.6327] or your PKF O'Connor Davies' account representative. PKF O'Connor Davies, LLP is a longstanding member of the Employee Benefit Plan Audit Quality Center (EBPAQC) of the American Institute of Certified Public Accountants (AICPA). Our employee benefits team is committed to knowledgeable, responsive and timely client service.

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