

Employee Benefits & Executive Compensation

Annual Limitations

Effective as of January 1, 2018[†]

LIMIT	2018		2017		2016	
Elective Deferrals IRC Section: 402(g)(1); 457(e)(15); 408(p)(2)(E) 401(k), 403(b), 457(b), and SEPs SIMPLE Plans	\$18,500	\$12,500	\$18,000	\$12,500	\$18,000	\$12,500
Catch-up Contributions (age 50 and older) IRC Section: 414(v)(2)(B)(i) & (ii) 401(k), 403(b), Governmental 457(b), and SEPs SIMPLE Plans	\$6,000	\$3,000	\$6,000	\$3,000	\$6,000	\$3,000
Annual Compensation Limit IRC Section: 401(a)(17); 404(l) General Limit Certain Governmental Plans	\$275,000	\$405,000	\$270,000	\$400,000	\$265,000	\$395,000
Limitations on Benefits and Contributions IRC Section: 415(b)(1)(A); 415(c)(1)(A) Defined Contribution Plans Defined Benefit Plans	\$55,000	\$220,000	\$54,000	\$215,000	\$53,000	\$210,000
“Highly Compensated Employee” Definition IRC Section: 414(q)(1)(B)	\$120,000		\$120,000		\$120,000	
“Key Employee” / “Officer” Definition for Top-Heavy Plans IRC Section: 416(i)(1)(A)(i)	\$175,000		\$175,000		\$170,000	
PBGC Guaranteed Annual Benefit (single life annuity payable at age 65; rounded)	\$65,045		\$64,432		\$60,136	
SEP Coverage IRC Section: 408(k)(2)(C); 408(k)(3)(C) Minimum Compensation Maximum Compensation	\$600	\$275,000	\$600	\$270,000	\$600	\$265,000
Health Savings Accounts (HSAs) Maximum Annual Contributions Minimum Deductible Maximum Out-of-Pocket	Single \$3,450 \$1,350 \$6,650	Family \$6,850* \$2,700 \$13,300	Single \$3,400 \$1,300 \$6,550	Family \$6,750 \$2,600 \$13,100	Single \$3,350 \$1,300 \$6,550	Family \$6,750 \$2,600 \$13,100
Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs) Maximum Annual Reimbursements	Single \$5,050	Family \$10,250	Single \$4,950	Family \$10,050	Single N/A	Family N/A
Health Care Flexible Spending Account Maximum Salary Reduction Contributions	\$2,650 per employee per unrelated employer**		\$2,600 per employee per unrelated employer**		\$2,550 per employee per unrelated employer**	
Dependent Care Assistance Maximum	\$5,000 \$2,500 (married filing separately)		\$5,000 \$2,500 (married filing separately)		\$5,000 \$2,500 (married filing separately)	

[†] Includes subsequent changes made pursuant to the Tax Cuts and Jobs Act of 2017.

LIMIT	2018	2017	2016
Qualified Transportation Fringe (Monthly)			
Parking	\$260	\$255	\$255
Mass Transit Pass/Vanpool	\$260	\$255	\$255
Adoption Assistance Programs			
Maximum Exclusion per Child	\$13,810*	\$13,570	\$13,460
Phase-Out Floor	\$207,140*	\$203,540	\$201,920
Phase-Out Ceiling	\$247,140*	\$243,540	\$241,920
Long-Term Care Deductible Premiums			
Age 40 and younger	\$420	\$410	\$390
Age 41 to 50	\$780	\$770	\$730
Age 51 to 60	\$1,560	\$1,530	\$1,460
Age 61 to 70	\$4,160	\$4,090	\$3,900
Over age 70	\$5,200	\$5,110	\$4,870
Total FICA Tax (Combined OASDI and HI Portions)			
Employers	7.65%	7.65%	7.65%
Employees	7.65%***	7.65%***	7.65%***
FICA Taxes (HI Portion)			
Employees and Employers, each	1.45%***	1.45%***	1.45%***
Wage Base	All Wages	All Wages	All Wages
Social Security Tax (OASDI Portion)			
Employers	6.2%	6.2%	6.2%
Employees	6.2%	6.2%	6.2%
Wage Base	\$128,400	\$127,200	\$118,500

*Certain amounts pertaining to health savings accounts and adoption assistance programs were revised by the IRS on March 5, 2018 to reflect new cost-of-living adjustment methods enacted as part of the Tax Cuts and Jobs Act of 2017.

**Plan sponsors may design their plans to allow participants to carry over up to \$500 of unused amounts for reimbursement of qualified medical expenses incurred during the following plan year. A plan may not simultaneously include this carryover rule and the grace period rule, under which reimbursements may continue to be made for expenses incurred within the first 2 ½ months after the close of the plan year. See IRS Notice 2013-71 for further details.

***Higher-income employees will be subject to an additional 0.9% Medicare tax on wages in excess of threshold amounts based on filing status as listed in the table below. Employers are required to withhold the 0.9% Medicare tax on wages paid to an employee in excess of \$200,000 in 2018 without regard to filing status.

FILING STATUS	THRESHOLD AMOUNT
Married filing jointly	\$250,000
Married filing separately	\$125,000
Single; Head of Household (with qualifying person); or Qualifying widow(er) with dependent child	\$200,000

For more information on the application of these limitations, please contact any of the following members of our benefits practice:

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