

## 2018 COLAs

The Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans. Code §415 requires the limits to be adjusted annually for cost-of-living increases. The IRS announced on October 19, 2017 cost-of-living adjustments applicable to dollar limitations for pension plans and other items for tax year 2018.

Code Section	2018	2017	2016
<b>IRAs</b>			
IRA Contribution Limit–219(b)(5)(A)	5,500	5,500	5,500
IRA Catch-Up Contributions-219(b)(5)(B)	1,000	1,000	1,000
<b>IRA AGI Deduction Phase-out Starting at</b>			
Joint Return	101,000	99,000	98,000
Single or Head of Household	63,000	62,000	61,000
<b>SEP</b>			
SEP Minimum Compensation-408(k)(2)(C)	600	600	600
SEP Maximum Compensation-408(k)(3)(C)	275,000	270,000	265,000
<b>SIMPLE Plans</b>			
SIMPLE Maximum Contributions-408(p)(2)(E)	12,500	12,500	12,500
Catch-Up Contributions-414(v)(2)(B)(ii)	3,000	3,000	3,000
<b>401(k), 403(b), Profit Sharing Plans, etc.</b>			
Annual Compensation - 401(a)(17)/404(l)	275,000	270,000	265,000
Elective Deferrals-402(g)(1)	18,500	18,000	18,000
Catch-up Contributions - 414(v)(2)(B)(i)	6,000	6,000	6,000
Defined Contribution Limits - 415(c)(1)(A)	55,000	54,000	53,000
ESOP Limits - 409(o)(1)(C)	1,105,000	1,080,000	1,070,000
	220,000	215,000	210,000
<b>Other</b>			
HCE Threshold - 414(q)(1)(B)	120,000	120,000	120,000
Defined Benefit Limits - 415(b)(1)(A)	220,000	215,000	210,000
Key Employee - 416(i)(1)(A)(i)	175,000	175,000	170,000
457 Elective Deferrals - 457(e)(15)	18,500	18,000	18,000
Control Employee - 1.61-21(f)(5)(i)	110,000	105,000	105,000
Control Employee - 1.61-21(f)(5)(iii)	220,000	215,000	215,000
Taxable Wage Base	128,700	127,200	118,500

COLAs affect the contribution limits and operations of qualified retirement plans, simplified employee pension (SEP) plans and savings incentive match plans for employees of small employers (SIMPLE).

Section 415 of the Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans. It also requires that the Commissioner annually adjust these limits for cost-of living increases.