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CLIENT ADVISORY

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2018 DOLLAR LIMITS FOR RETIREMENT PLANS

The Internal Revenue Service (“IRS”) has announced cost-of-living adjustments to the dollar limits for tax-qualified retirement plans and individual retirement accounts, for calendar year 2018. The Internal Revenue Code (“Code”) imposes dollar limitations on benefits and contributions under tax-qualified retirement plans, and on contributions to individual retirement accounts. These limitations are adjusted annually to reflect cost-of-living increases, if any, pursuant to adjustment procedures which are similar to those used to adjust Social Security benefit amounts. Some of the more significant limitations are as follows:

	2017	2018
Maximum Pre-tax Contribution by Employees to 401(k), 403(b) and 457(f) plans (without Catch-Up)	\$18,000	\$18,500
Maximum Pre-tax Catch-Up Contribution by Employees to 401(k), 403(b) and 457(e) plans	\$6,000	\$6,000
Defined Benefit Maximum*	\$215,000	\$220,000
Defined Contribution Maximum	\$54,000	\$55,000
Highly Compensated Employee Compensation	\$120,000	\$120,000
Includable Compensation Limit	\$270,000	\$275,000
Key Employee Compensation (for “top heavy” plans)	\$175,000	\$175,000
Maximum Individual Retirement Account Contribution (without Catch-Up)	\$5,500	\$5,500
Maximum Individual Retirement Account Catch-Up Contribution	\$1,000	\$1,000

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*For a participant who separated from service before January 1, 2018, the limitation for defined benefit plans under Section 415(b)(1)(B) is computed by multiplying the participant's compensation limitation, as adjusted through 2017, by 1.0196.

If you have any questions, please contact any member of our firm.

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