

PIETZSCH, BONNETT & WOMACK, P.A.

CLIENT ADVISORY

WWW.USBENEFITSLAW.COM

October 2018

3101 N. Central
Ave.
Suite 940
Phoenix, AZ 85012
Tel. 602-604-6200
Fax 602-604-6251

2019 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 2019. 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:

	2018	2019
Maximum Pre-tax Contribution by Employees to 401(k), 403(b) and 457(f) plans (without Catch-Up)	\$18,500	\$19,000
Maximum Pre-tax Catch-Up Contribution by Employees to 401(k), 403(b) and 457(e) plans	\$6,000	\$6,000
Defined Benefit Maximum*	\$220,000	\$225,000
Defined Contribution Maximum	\$55,000	\$56,000
Highly Compensated Employee Compensation	\$120,000	\$125,000
Includable Compensation Limit	\$275,000	\$280,000
Key Employee Compensation (for “top heavy” plans)	\$175,000	\$180,000
Maximum Individual Retirement Account Contribution (without Catch-Up)	\$5,500	\$6,000
Maximum Individual Retirement Account Catch-Up Contribution	\$1,000	\$1,000

*For a participant who separated from service before January 1, 2019, the limitation for defined benefit plans under Section 415(b)(1)(B) is computed by multiplying the participant’s compensation limitation, as adjusted through 2018, by 1.0264.

Managing Editor:

Michael E. Pietzsch
pietzsch@usbenefitslaw.com
602-604-6250

Contributing Editors:

Nancy Williams
Bonnett
bonnett@usbenefitslaw.com
602-604-6244

Lisa A. Womack
womack@usbenefitslaw.com
602-604-6255