



Executive Compensation and Benefits Limits for 2017 Announced by IRS

The IRS has announced the 2017 dollar limits for all employee benefit plans, including executive compensation and benefits. Although the amount participants can contribute to 401(k), 403(b), and 457(b) plans remains unchanged, the annual benefit limits for defined benefit and defined contribution plans, and the annual limit on compensation that is includable in retirement plans has increased.

The table below highlights some of the changes.

Dollar Limits on Executive Compensation and Benefits			
Code Section	Limit	2017	2016
Elective Deferral Contributions *			
§402(g)(1)(B)	401(k) and 403(b) Plans	\$18,000	\$18,000
§457(e)(15)(A)	457(b) Plans (Government/Tax Exempt Deferral Limit)	\$18,000	\$18,000
§414(v)(2)(B)(i)	Age 50+ ("Catch-Up" Contributions for 401(k)/403(b) Plans)	\$6,000	\$6,000
Limits for Highly Compensated Employees **			
§401(a)(17)(A)	Annual Compensation Includable in Plan (certain government plans have a higher threshold)	\$270,000	\$265,000
§414(q)(1)(B)(i)	Who is a "Highly Compensated Employee"	\$120,000	\$120,000
§416(i)(1)(A)(i)	Who is a "Key Employee/Officer" (Generally, a plan is top-heavy if the plan benefits of key employees exceed 60% of the aggregate plan benefits of all employees.)	\$175,000	\$170,000
Annual Benefit Limits ***			
§415(b)(1)(A)	Defined Benefit Pension Plans	\$215,000	\$210,000
§415(c)(1)(A)	Defined Contribution Retirement Plans	\$54,000	\$53,000
Health FSA and HSA Annual Contribution Limits			
§125(i)	Health FSA Employee Salary-Reduction Contributions	\$2,600	\$2,550
§223(b)(2)(A)	HSA Contributions for Individual Coverage	\$3,400	\$3,350
§223(b)(2)(B)	HSA Contributions for Family Coverage	\$6,750	\$6,750
Social Security Tax Wage Base			
		\$127,000	\$118,000

* The annual limit on an employee's elective deferrals to a 401(k) or 403(b) plan made through salary reduction.

** The definition of an HCE includes a compensation threshold for the prior year. A retirement plan's discrimination testing is based on coverage and benefits for HCEs.

*** The maximum amount of compensation that may be considered for benefit calculations and nondiscrimination testing.

Read the full report from the IRS here: [IRS Announces 2017 Pension Plan Limitations; 401\(k\) Contribution Limit Remains Unchanged at \\$18,000 for 2017.](#)

The IRS issued technical guidance detailing these items in [Notice 2016-62](#).



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