



IRS Benefit Plan Limits for 2017

Presented by John J. Higgins, CFP®, AIF®, CFS®

The Internal Revenue Service has announced contribution limits for retirement plan participants for 2017. A key change this year is that the defined contribution limit is increasing from \$53,000 to \$54,000 in 2017. All other contribution limits remain the same.

Some associated tax breaks and other items have changed for 2017. Here are the highlights:

- The annual compensation limit used to calculate contributions is increasing from \$265,000 to \$270,000.
- The limitation on the annual benefit under a defined benefit plan is increasing from \$210,000 to \$215,000.
- The dollar limitation concerning the definition of “key employee” in a top-heavy retirement plan is increasing from \$170,000 to \$175,000.
- For single taxpayers covered by a workplace retirement plan, the phase-out range for traditional IRA contributions is \$62,000 to \$72,000, up from \$61,000 to \$71,000.
- For married couples filing jointly, where the spouse who is making the IRA contribution is covered by a workplace retirement plan, the phase-out range is \$99,000 to \$119,000, up from \$98,000 to \$118,000.
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple’s income is between \$186,000 and \$196,000, up from \$184,000 and \$194,000.
- The modified adjusted gross income (MAGI) phase-out range for taxpayers making contributions to a Roth IRA is now from \$186,000 to \$196,000 for married couples filing jointly, up from the previous \$184,000 to \$194,000 range. For singles and heads of household, the income phase-out range is from \$118,000 to \$133,000, up from the previous \$117,000 to \$132,000 range.

The table below displays the 2016 and 2017 limits for a host of tax breaks:

401(k) Plan Limits for Plan Year	2017 Limit	2016 Limit
401(k) Elective Deferral Limit ¹	\$18,000	\$18,000
Catch-Up Contribution ²	\$6,000	\$6,000
Defined Contribution Dollar Limit	\$54,000	\$53,000
Compensation Limit ³	\$270,000	\$265,000
Highly Compensated Employee Income Limit	\$120,000	\$120,000
Key Employee Officer Limit	\$175,000	\$170,000
Non-401(k) Limits		
403(b) Elective Deferral Limit ¹	\$18,000	\$18,000
Defined Benefit Dollar Limit	\$215,000	\$210,000
457 Employee Deferral Limit	\$18,000	\$18,000



SEP and SIMPLE IRA Limits	2017 Limit	2016 Limit
SEP Minimum Compensation	\$600	\$600
SEP Maximum Compensation	\$270,000	\$265,000
SIMPLE Contribution Limit	\$12,500	\$12,500
SIMPLE Catch-Up Contribution ²	\$3,000	\$3,000
IRA and Roth Limits		
IRA and Roth Contribution Limit	\$5,500	\$5,500
Catch-Up Contribution ²	\$1,000	\$1,000

¹Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit.

²Contributors must be age 50 or older during the calendar year.

³All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Investors should consult a tax preparer, professional tax advisor, and/or a lawyer.



3 Elm Street | Suite 201 | Morristown, NJ 07960 | 800.572.8859 | 888.469.1922 fax

Securities and advisory services offered through Commonwealth Financial Network® Member FINRA/SIPC, a Registered Investment Adviser. Patterson Smith Associates, LLC is not an affiliate or subsidiary of Commonwealth Financial Network
Rev. 10/16