



IRS Releases Inflation Adjustments for 2017

Each year the Internal Revenue Service (IRS) announces the new limits for various aspects of employee benefits plans, principally because of the increase in the applicable cost-of-living indexes. In general, most plan limitations will not change for 2017 because the increase in the cost-of-living index did not meet the statutory threshold that triggers their adjustment. The IRS announced the following limits and thresholds effective for plan years beginning in 2017.

2017 Pre-tax Limits Released

	2016	2017
Highly Compensated Salary Definition	\$120,000	\$120,000
Key Employee in Top-Heavy Plan Salary Definition	\$170,000	\$175,000
Maximum Pre-Tax Contribution Limits (401(k)/403(b), most 457 Plans)	\$18,000	\$18,000
Pre-Tax 401(k) Catch-up Limits (over age 50)	\$6,000	\$6,000
Catch-up Contribution SIMPLE 401(k) plans	\$3,000	\$3,000
Maximum Salary Deferral SIMPLE 401(k) plans	\$12,500	\$12,500
Minimum Compensation Amount SEPs	\$600	\$600
Maximum Compensation Amount (401(a) plans, 403(b) plans, SEPs)	\$265,000	\$270,000
Health Savings Accounts (HSA) Limits (employer + employee)	Individual—\$3,350 Family—\$6,750 Catch Up— \$1,000	Individual—\$3,400 Family—\$6,750 Catch Up— \$1,000
Maximum Out-of-Pocket HSA High Deductible Health Plan (HDHP)	Individual—\$6,550 Family— \$13,100	Individual—\$6,550 Family— \$13,100
Minimum Deductible HSA High Deductible Health Plan (HDHP)	Individual—\$1,300 Family— \$2,600	Individual—\$1,300 Family— \$2,600
Transportation Benefits	Parking – \$255 Transit – \$255	Parking – \$255 Transit – \$255
Medical Out-of-Pocket Expenses Flexible Spending Accounts (FSA)	\$2,550	\$2,600
Dependent Care Expenses Flexible Spending Accounts (FSA)	\$5,000	\$5,000
Social Security Taxable Wage Base	\$118,500	\$127,200

Next Steps for Employers:

1. **Note the 2017 IRS Benefit and IRA limits;** Employers should update their plan documents with the new IRS limits.



2. **Notify HR Knowledge** of all plan changes so we may capture these changes on your benefits-at-a-glance and other important documents by emailing benefitsupport@hrknowledge.com.

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