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IRS Releases Inflation Adjustments for 2018

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 2018 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 2018.

2018 Pre-tax Limits Released

	2017	2018
Highly Compensated Salary Definition	\$120,000	\$120,000
Key Employee in Top-Heavy Plan Salary Definition	\$175,000	\$175,000
Maximum Pre-Tax Contribution Limits (401(k)/403(b), most 457 Plans)	\$18,000	\$18,500
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)	\$270,000	\$275,000
Health Savings Accounts (HSA) Limits (employer + employee)	Individual-\$3,400 Family-\$6,750 Catch Up- \$1,000	Individual-\$3,450 Family-\$6,900 Catch Up- \$1,000
Maximum Out-of-Pocket HSA High Deductible Health Plan (HDHP)	Individual-\$6,550 Family- \$13,100	Individual-\$6,650 Family- \$13,300
Minimum Deductible HSA High Deductible Health Plan (HDHP)	Individual-\$1,300 Family- \$2,600	Individual-\$1,350 Family- \$2,700
Transportation Benefits	Parking - \$255 Transit - \$255	Parking - \$260 Transit- \$260
Medical Out-of-Pocket Expenses Flexible Spending Accounts (FSA)	\$2,600	\$2,650
Dependent Care Expenses Flexible Spending Accounts (FSA)	\$5,000	\$5,000
Social Security Taxable Wage Base	\$127,200	\$128,700

Next Steps for Employers:

1. Note the 2018 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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