

Qualified Plan News

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Corporate markets

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Helpful web links

Department of Labor

www.dol.gov

Taking the Mystery Out of Retirement Planning

www.dol.gov/ebsa/publications/newarretirement.html

Internal Revenue Service

www.irs.gov

Internal Revenue Service correcting plan errors

<http://www.irs.gov/retirement/article/0,,id=96907,00.html>

2017 Cost of Living Adjustments

Some limits change others remain the same

Plan Limits	2017	2016
A. Annual deferral limit		
401(k)/403(b)/457/SARSEP	\$18,000	\$18,000
Simple retirement plans	\$12,500	\$12,500
B. Catch-up contributions		
Age 50+ 401(k)/ 403(b)*/457*	\$6,000	\$6,000
Age 50+ SIMPLE Plan	\$3,000	\$3,000
C. 415 annual limits		
Defined Contribution Annual Contribution Limit	\$54,000	\$53,000
Defined Benefit Maximum Annual Benefit	\$215,000	\$210,000
D. Compensation limit		
For determining contributions for non-governmental plans	\$270,000	\$265,000
For determining contributions for certain governmental plans	\$400,000	\$395,000
For SEP eligibility	\$600	\$600
E. Highly compensated employee definition		
F. Key employee/officer		
G. Social Security taxable wage base		
H. AGI for saver's credit eligibility		

*A special additional catch-up limit applies for certain employees under 403(b) and 457 plans.

Explanation of cost of living adjustments

A. Annual deferral limit:

401(k)/403(b)/457/SARSEP - The limit on elective deferrals (including Roth 401(k) contributions) a participant may make during the calendar year.

SIMPLE Retirement Plans – The limit on elective deferrals a participant may make during the calendar year.

B. Catch-up contributions:

At Age 50+ for 401(k), 403(b)* and 457* – Participants who have attained age 50 may make catch up contributions (including Roth 401(k) contributions) after the elective deferral limit has been reached up to the annual catch-up limit, if the plan permits.

Age 50+ SIMPLE Plan – If the plan permits, participants who have attained age 50 may make additional deferred contributions after the elective deferral limit has been reached up to the annual catch-up limit.

*A special additional catch-up limit applies for certain employees under 403(b) and 457 plans.

C. 415 annual limits:

Defined Contribution plans – The total of all employer and employee contributions to the plan for the 12 month limitation year (as defined in the plan document) cannot exceed the lesser of \$40,000 (as adjusted for inflation) or 100% of compensation.

Defined Benefit Plans – The maximum annual benefit a participant may receive is the lesser of \$160,000 (as adjusted for inflation) or 100% of the participant's average compensation for his highest three years of earnings.

D. Compensation limit:

For determining contributions for non-governmental plans – This is the maximum compensation that may be considered when determining contributions for the plan year (as adjusted for inflation).

For determining contributions for certain governmental plans – This is the maximum compensation that may be considered when determining contributions for the plan year (as adjusted for inflation).

For SEP eligibility – This is the minimum compensation taken into account when determining which employees are eligible for a simplified employee pension (SEP) plan (as adjusted for inflation).

E. Highly Compensated Employee (HCE) definition:

An HCE is any participant who owns 5% or more of the business at any time during the current or preceding year and/or any participant whose compensation in the preceding year is greater than the annual compensation limit (as adjusted for inflation). The 2017 limit is used when 2017 is the look-back year.

F. Key Employee Officer definition:

An officer of the company is a key employee if the officer has an annual compensation that is greater than \$130,000 (as adjusted for inflation).

G. Social Security Taxable Wage Base:

This is the amount of annual compensation to which payroll tax is applied.

H. AGI for Saver's Credit:

The highest adjusted gross income (AGI) an individual may have to be eligible for the Saver's Credit, based on filing status.

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