



Retirement Plan Limits for 2019

The IRS has announced the 2019 Cost of Living adjustments applicable to employer-sponsored retirement plans. The key limits are as follows:

Type of Limit	Application	2019	2018
401(k), 403(b) and 457(b) Salary Deferral Contributions	Calendar Year	\$19,000	\$18,500
Catch-up Deferral Contributions (age 50+)	Calendar Year	\$6,000	\$6,000
DC Plan Max Allocation to Individual	Plan Year Ending in	\$56,000	\$55,000
DB Plan Max Annual Benefit Distribution	Plan Year Ending in	\$225,000	\$220,000
Max Compensation for Plan Purposes	Plan Year Beginning in	\$280,000	\$275,000
Highly Compensated Employees	Beginning of "Look-Back" Year	\$125,000	\$120,000
Compensation Threshold for Key Employee Determination (Officer)	Beginning of "Look-Back" Year	\$180,000	\$175,000
Compensation Threshold for Key Employee Determination (1% Owner)	Beginning of "Look-Back" Year	\$150,000	\$150,000
Social Security Taxable Wage Base	Plan Year Beginning in	\$132,900	\$128,700
SIMPLE IRA Deferral Contribution Limit	Calendar Year	\$13,000	\$12,500
SIMPLE IRA Catch-up Contribution Limit	Calendar Year	\$3,000	\$3,000

What Action Should Employers Take?

For 2019, be sure to update your payroll tax programs to increase the Social Security Taxable Wage Base to \$132,900.

Owners who are currently receiving compensation of \$275,000 may want to increase to \$280,000 for 2019.

For plan years beginning in 2019, if you calculate employer contributions as a percentage of annual compensation, be sure to update your calculator to increase the annual comp limit from \$275,000 to \$280,000. Increase the maximum allocation limit to \$56,000 from \$55,000 for defined contribution plans.

Finally, it should also be noted that the annual contributions to an individual retirement account (IRA), which last increased in 2013, is increased from \$5,500 to \$6,000.

Trust Company of Illinois – Retirement Plan Services