

# IRS Benefit Plan Limits for 2017

Presented by Paul Spoelstra

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 <sup>1</sup>	\$18,000	\$18,000
Catch-Up Contribution <sup>2</sup>	\$6,000	\$6,000
Defined Contribution Dollar Limit	\$54,000	\$53,000
Compensation Limit <sup>3</sup>	\$270,000	\$265,000
Highly Compensated Employee Income Limit	\$120,000	\$120,000
Key Employee Officer Limit	\$175,000	\$170,000
<b>Non-401(k) Limits</b>		
403(b) Elective Deferral Limit <sup>1</sup>	\$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 <sup>2</sup>	\$3,000	\$3,000
IRA and Roth Limits		
IRA and Roth Contribution Limit	\$5,500	\$5,500
Catch-Up Contribution <sup>2</sup>	\$1,000	\$1,000

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

<sup>2</sup>Contributors must be age 50 or older during the calendar year.

<sup>3</sup>All 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.*



*Paul C. Spoelstra* CFP® AIF®

Certified Financial Planner™ practitioner  
Accredited Investment Fiduciary®



**By Appointment Only**

1345 Monroe Ave NW  
Grand Rapids, MI 49505  
MilestoneWM.com  
616-642-9595  
616-710-4263 FAX