

Employee Benefits

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REVISED! EMPLOYEE BENEFITS-RELATED LIMITS FOR 2018

This chart sets forth some of the annually adjusted dollar limits that impact employee benefits, as published by the Internal Revenue Service, the Social Security Administration and the Pension Benefit Guaranty Corporation. Highlighted **blue items** are new reductions due to changes under the Tax Cuts and Jobs Act (adoption assistance limits and the maximum tax-free contributions for covered benefits allowed for family coverage under a HDHP).

ADJUSTED ITEM	2018	2017	Notes
Elective Deferrals (Pre-Tax and Roth) 401(k), 403(b), 457(b) and SEPs (IRC §§402(g)(1) and 457(e)(15)) SIMPLE Plans (IRC §408(p)(2)(E))	\$18,500 \$12,500	\$18,000 \$12,500	(a)
Catch-up Contributions (IRC §§414(v)(2)(B)(i) and (ii)) 401(k), 403(b), Governmental 457(b) and SEPs SIMPLE Plans	\$6,000 \$3,000	\$6,000 \$3,000	(a)
Annual Compensation Limit Generally (IRC §§401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)) Certain Governmental Plans in effect on July 1, 1993	\$275,000 \$405,000	\$270,000 \$400,000	(b)
Annual Additions Defined Contribution Plan (IRC §415(c)(1)(A)) Defined Benefit Plan (IRC §415(b)(1)(A))	\$55,000 \$220,000	\$54,000 \$215,000	(c) (b)
Highly Compensated Employee (IRC §414(q)(1)(B))	\$120,000	\$120,000	(b)
Key Employee Officer for Top-Heavy Plans (IRC §416(i)(1)(A)(i))	\$175,000	\$175,000	(b)
PBGC Guaranteed Annual Benefit (single life annuity; age 65; rounded)	\$65,045	\$64,432	(d)
Tax Credit ESOP (IRC §409(o)(1)(C)) 5 Year Maximum Balance Additional 1 Year Limit	\$1,105,000 \$220,000	\$1,080,000 \$215,000	(b)
SEP (IRC 408(k)) Minimum Compensation (for coverage) (IRC §408(k)(2)(C)) Maximum Compensation (IRC §408(k)(3)(C))	\$600 \$275,000	\$600 \$270,000	(e) (b)
Health Savings Accounts (HSAs) (IRC §§ 223(b) and (c)) Maximum Annual HSA Contribution Self-only Coverage Family Coverage Age 55 Additional HSA Contribution (Maximum) HDHP Annual Deductible Minimum (lowest amount to have an HSA) Self-only Coverage Family Coverage HDHP Annual Out-of-Pocket Expense Maximum (cannot exceed to have an HSA) Self-only Coverage Family Coverage Excise Tax for Non-Medical Distributions from HSA	\$3,450 \$6,850 \$1,000 \$1,350 \$2,700 \$6,650 \$13,300 20%	\$3,400 \$6,750 \$1,000 \$1,300 \$2,600 \$6,550 \$13,100 20%	(f)
Group Health Out-of-Pocket Maximum (PHSA §2707(b), PPACA §1302(c)(1)) Self-Only Coverage Other than Self-Only Coverage	\$7,350 \$14,700	\$7,150 \$14,300	(ff)
Health FSA maximum annual contribution (IRC §125(i))	\$2,650	\$2,600	(e)

ADJUSTED ITEM	2018	2017	Notes
Qualified Small Employer Health Reimbursement Account (QSEHRA) (IRC §9831) Maximum Employer Contribution for Individual Coverage Maximum Employer Contribution for Family Coverage	\$5,050 \$10,250	\$4,950 \$10,000	(g)
Qualified Transportation Fringe (IRC §132(f)(2)) Employer-provided Parking (monthly) Mass Transit Pass and Van Pool (monthly) Bicycle Commuting (monthly)	\$260 \$260 \$ 20	\$255 \$255 \$ 20	(h) (hh) (hhh)
Dependent Care Assistance Maximum Gross Income Exclusion (IRC §129(a)(2)(A))	\$5,000	\$5,000	(i)
Adoption Assistance Programs (IRC §137(a)(2)) Dollar Limit on Excludable Benefits (IRC §137(b)(1)) Phase-Out Income Threshold (IRC §137(b)(2)) Floor Ceiling	\$13,810 \$207,140 \$247,140	\$13,570 \$203,540 \$243,540	(j)
Long-Term Care Premiums as medical expenses (IRC §213(d)(10)) Taxpayer age 40 and younger Taxpayer over age 40 but not more than age 50 Taxpayer over age 50 but not more than age 60 Taxpayer over age 60 but not more than age 70 Taxpayer over age 70	\$420 \$780 \$1,560 \$4,160 \$5,200	\$410 \$770 \$1,530 \$4,090 \$5,110	(k)
Social Security OASDI Taxable Wage Base	\$128,400	\$127,200	(l)

- (a) Indexed in \$500 increments. (b) Indexed in \$5,000 increments. (c) Indexed in \$1,000 increments.
 (d) Rounded. See, *PBGC Guarantee Limit for Single-Employer Plans Increases for 2018*, at <https://www.pbqc.gov/news/press/releases/pr17-08> (Oct. 30, 2017). See also https://www.pbqc.gov/wr/benefits/guaranteed-benefits/maximum-guarantee?source=govdelivery&utm_medium=email&utm_source=govdelivery. For multiemployer plans, the PBGC maximum annual guarantee for a retiree with 30 years of service is 100% of the first \$3,960 and 75% of the next \$11,760 for a total guarantee of \$12,870. This limit has been in place since 2001 and is not indexed.
 (e) Indexed in \$50 increments.
 (f) Indexed in \$50 increments. IRC §223(g). See Rev. Proc. 2017-37, <https://www.irs.gov/pub/irs-drop/rp-17-37.pdf>. Revised by Rev. Proc. 2018-18, IRB 2018-10 (Mar. 5, 2018).
 (ff) Referred to as the "annual limitation on cost sharing" in the Final Rule at 81 Federal Register 94058, 94140 (Dec. 22, 2016) at <https://www.gpo.gov/fdsys/pkg/FR-2016-12-22/pdf/2016-30433.pdf>. Applies to non-grandfathered health plans. For the 2015 plan year and thereafter, the OOP annual maximum will be increased by the premium adjustment percentage described under PPACA §1302(c)(4). In addition, group health plans in 2018 still must embed the individual cost sharing limit within the family limit for each individual covered under family coverage. Thus, each individual with a family coverage plan is not responsible for more than the individual portion of the out-of-pocket maximum, per PPACA §1302(c)(1) and FAQs about Affordable Care Act Implementation (Part XXVII) May 26, 2015, <http://www.dol.gov/ebsa/faqs/faq-aca27.html>.
 (g) Indexed in \$50 increments. The 21st Century Cures Act, Pub. L. 114-255 (Dec. 13, 2016), beginning Jan. 2017 amended IRC §9831, ERISA §733, and PHSAs §2791 to create QSEHRAs, which allow employer payment plans without creating a group health plan. Available for employers with fewer than 50 full-time employees or equivalents.
 (h) Indexed in \$5 increments. IRC §132(f).
 (hh) Section 105 of the Consolidated Appropriations Act of 2016, Pub. L. 114-113, created parity after Dec. 31, 2014 between (i) the transit benefit exclusion for the aggregate of transportation in a commuter highway vehicle and any transit pass and (ii) the exclusion for qualified parking. See IRS Notice 2016-6, <https://www.irs.gov/pub/irs-drop/n-16-06.pdf>.
 (hhh) IRC §132(f), as amended by §211(a) of Division B of the Emergency Economic Stabilization Act of 2008. Cannot receive bicycle benefit in any month in which any other qualified transportation fringe benefit is received. Not currently adjusted for inflation.
 (i) \$2,500 in the case of married filing separate return. Amount is fixed by statute. See, IRC §129(a)(2)(A).
 (j) Indexed in \$10 increments. IRC §137(f). Revised by Rev. Proc. 2018-18, IRB 2018-18 (Mar. 5, 2018).
 (k) Indexed in \$10 increments. IRC §213(d)(10)(B). Based on taxpayer's age before the close of the tax year.
 (l) Indexed in \$300 increments. See <https://www.ssa.gov/news/press/factsheets/colafacts2018.pdf>. For 2018, the FICA tax rate is 7.65% for employees and 15.30% for self-employed. The maximum 2018 OASDI portion of FICA tax payable by each employee is 6.2% of the wage base (that is, \$7,886). Employers match the employee amount with an equal contribution. The maximum 2017 OASDI tax rate for self-employment income is 12.4%. There is no wage base for the Medicare (HI) portion of FICA taxes and all wages earned are subject to the HI tax, which also is paid by employers and employees. Each pays at a 1.45% rate, although employees pay an additional 0.9% on wages greater than \$200,000. See <http://www.ssa.gov/OACT/COLA/cbb.html>. As modified by SSA on Nov. 27, 2017, see <https://www.ssa.gov/news/press/releases/2017/#11-2017-1>.

Sources: Rev. Proc. 2017-58, <https://www.irs.gov/pub/irs-drop/rp-17-58.pdf>, and Notice 2017-64, "2018 Limitations Adjusted As Provided in Section 415(d), etc.", <https://www.irs.gov/pub/irs-drop/n-17-64.pdf>.



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