

## 2017 IRS Limits Announced

Certain federal agencies recently announced dollar limits on the Social Security Wage Base, earnings, and benefits, as well as limits on compensation and deferrals for retirement plans, and limits on health and welfare plans. Additionally, excise tax penalties for failure to offer minimum essential health care coverage and failure to offer coverage that provides minimum value or is affordable, and penalties for failure to file correct information returns have also been announced. Below is a chart comparing the dollar limits and penalties for 2016 and 2017. Additionally, 1983 amendments to the Social Security Act gradually increased the full retirement Social Security to age 67 for individuals born after 1954. The gradual increases are shown in the chart below.

	2016	2017
<b>RETIREMENT PLAN LIMITS</b>		
Limit on Elective Deferrals	\$18,000	\$18,000
Limit on Catch-Up Deferrals	\$6,000	\$6,000
Annual Contribution Limit for Defined Benefit Plans	\$210,000	\$215,000
Contribution Limit for Defined Contribution Plans	\$53,000	\$54,000
Annual Compensation Limit	\$265,000	\$270,000
Highly Compensated Employee	\$120,000	\$120,000
Key Employee	\$170,000	\$175,000
<b>HEALTH AND WELFARE PLAN LIMITS</b>		
ACA Out-Of-Pocket Limit (non-grandfathered self-insured and large group health plans)		
Individual Coverage	\$6,850	\$7,150
Family Coverage	\$13,700	\$14,300
High-Deductible Health Plan Deductible		
Individual Coverage	\$1,300	\$1,300
Family Coverage	\$2,600	\$2,600
High-Deductible Health Plan Out-Of-Pocket Maximum		
Individual Coverage	\$6,550	\$6,550
Family Coverage	\$13,100	\$13,100
Health Savings Account Contribution		
Individual Coverage	\$3,350	\$3,400
Family Coverage	\$6,750	\$6,750
Catch-Up Contributions	\$1,000	\$1,000
Flexible Spending Account Contribution	\$2,550	\$2,600
Dependent Care Spending Account Contribution	\$5,000	\$5,000
Qualified Transportation Fringe Benefit		
Qualified Parking	\$255	\$255
Mass Transit and Commuter	\$255	\$255
PCORI Fee	\$2.17*	2.26
Transitional Reinsurance Fee	\$27**	-

\*Fee applicable for plan years beginning on or after October 1, 2015 and ending before October 1, 2016. For plans year ending on or before December 31, 2015, the fee was due by July 31, 2016.

\*\*First installment due by January 15, 2017; second installment due by November 15, 2017.

\*\*\*Adjustment is based on the percentage increase of the projected per capita amount of National Health Expenditures published by HHS.

**AFFORDABLE CARE ACT PENALTIES**

Failure to Offer Minimum Essential Coverage	\$2,160 for each full-time employee less 30	\$2,260 for each full-time employee less 30
Failure to Offer Minimum Value and Affordable Coverage	\$3,240/for each full-time employee receiving a subsidy	\$3,390/ for each full-time employee receiving a subsidy
Failure to Timely File Correct Forms 1094/1095 with IRS	\$250/return, up to a maximum of \$3,000,000****	\$260/return, up to a maximum of \$3,218,500
Failure to Timely Furnish Correct Forms 1094/1095 to Recipients	\$250/return, up to a maximum of \$3,000,000****	\$260/return, up to a maximum of \$3,218,500

**SOCIAL SECURITY (Taxes and Benefits)**

Social Security Wage Base	\$118,500	\$127,200
Medicare Hospital Insurance Tax (1.45%) *****	No Limit	No Limit
Maximum Monthly Social Security Benefit at Full-Retirement Age	\$2,639	\$2,687
Permissible Retirement Earnings for Social Security under Full-Retirement Age	\$15,720	\$16,920

**MEDICARE PART B**

Medicare Part B Monthly Premiums			
Individual Tax Return	Joint Tax Return		
\$85,000 or Less	\$170,000 or Less	\$121.80	\$134
Between \$85, 001 and \$107,000	Between \$170,001 and \$214,000	\$170.50	\$187.50
Between 107,001 and \$160,000	Between \$214,001 and \$320,000	\$243.60	\$267.90
Between \$160,001 and \$214,000	Between \$320,001 and \$428,000	\$316.70	\$348.30
More than \$214,000	More than \$428,000	\$389.80	\$428.60

**SOCIAL SECURITY FULL RETIREMENT AGE**

Year of Birth	Full Retirement Age (Years and Months)
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and Later	67

\*\*\*\* Penalties may be reduced if a correction is made within a specified amount of time.

\*\*\*\*\* Additional Medicare Hospital Insurance Tax of .9% will apply to higher wage earners.

For reference, see [IRS Revenue Procedure 2016-28](#) and [2016-55](#); [IRS Notice 2016-62](#); [Social Security Administration Contribution and Benefit Base Press Release \(October 18, 2016\)](#); and [HHS Notice of Benefit and Payment Parameters 2017, 2017 Social Security Changes Fact Sheet](#); [IRS Notice 2016-64](#); P.L. 98-21, the Social Security Amendments of 1983, signed April 20, 1983; [CMS Announcement 2017 Medicare Parts A & B Premiums and Deductibles Announced \(11-10-16\)](#).

**For more information regarding these or other changes in the law affecting your employee benefits, please contact:**

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