

IRS Announces Adjustments to Retirement Plan Contribution and Benefit Limits for 2019

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On November 1, 2018, the Internal Revenue Service announced cost-of-living adjustments that affect dollar limitations for qualified retirement plans under the Internal Revenue Code (the “Code”). The increases take effect for tax year 2019. Employers who sponsor retirement plans should take note of the adjustments, including:

- An increase in the annual benefit limit for defined benefit plans from \$220,000 to \$225,000 under Code Section 415(b)(1)(A).
- An increase in the annual additions limit for defined contribution plan from \$55,000 to \$56,000 under Code Section 415(c)(1)(A).
- An increase in the elective deferral limit from \$18,500 to \$19,000 under Code Section 402(g)(1). Note that the dollar limit on catch-up contributions remains unchanged at \$6,000.
- The annual compensation limit is increased from \$275,000 to \$280,000 under Code Sections 401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii).
- The dollar limitation in the definition of “key employee” in a top-heavy plan is increased from \$175,000 to \$180,000 under Code Section 416(i)(1)(A)(i).
- The limitation used in the definition of “highly compensated employee” is increased from \$120,000 to \$125,000 under Code Section 414(q)(1)(B).

A copy of Notice 2018-83, which includes changes to other limits, including increases that apply to employee stock ownership plans, governmental plans, IRAs, and multiemployer plans can be found [here](#).

Plan sponsors should review their plan documents to determine how these limits may affect their plans. For example, many plans include provisions that automatically incorporate changes to the above limits. Plan sponsors should ensure their plans are administered accordingly.

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