

IRS announces 2017 retirement plan limits

To make it possible for voluntary retirement savings to keep up with inflation, the various numerical limits embedded within qualified retirement plans are indexed for inflation. In October the IRS announced the numbers that will apply in 2017, as shown in the following table:

Item	2017 limit
401(k) and 403(b) employee deferral limit	\$18,000
457 employee deferral limit (most plans)	\$18,000
Catch-up contribution limit	\$6,000
Defined contribution dollar limit	\$54,000
Defined benefit dollar limit	\$215,000
Compensation limit	\$270,000
Highly compensated employee income limit	\$120,000
Key employee in a top-heavy plan	\$175,000

Note that the deferral limits for 401(k) and 403(b) plans are unchanged from 2016. Catch-up contributions are permitted by those employees who are 50 years of age or older during the calendar year.

Personal saving for retirement never has been more important. These tax benefits make saving a bit less painful.

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