

IRS releases 2019 limits for deferred compensation arrangements and certain welfare plans.

	<u>Applicable period</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Individual deferral limit 401(k), 403(b), and 457(b)	Calendar year, regardless of plan year	\$19,000	\$18,500	\$18,000
Age 50 Catch-up deferral limit 401(k) and 403(b)	Calendar year, regardless of plan year	\$6,000	\$6,000	\$6,000
Maximum compensation	Use limit as of 1 st day of plan year	\$280,000	\$275,000	\$270,000
Highly compensated employee	Plan year based on “lookback” year. See note below.	\$125,000	\$120,000	\$120,000
Key employee (officer)	Plan year. See note below	\$180,000	\$175,000	\$175,000
Defined contribution 415 limit	Use limit as of last day of plan year	\$56,000	\$55,000	\$54,000
Defined benefit 415 limit	Use limit as of last day of plan year	\$225,000	\$220,000	\$215,000
Healthcare flexible spending	Use limit as of 1 st day of plan year	\$2,700	\$2,650	\$2,600
HSA contribution limits: Self-only Family	Calendar year	\$3,500 \$7,000	\$3,450 \$6,900	\$3,400 \$6,750
High Deductible Health Plan minimums/out of pocket maximums: Self-only Family	Calendar year, regardless of plan year	\$1,350/\$6,700 \$2,700/\$13,500	\$1,350/\$6,650 \$2,700/\$13,300	\$1,300/\$6,550 \$2,600/\$13,100
Transportation fringe benefit limit	Calendar year, regardless of plan year. See note below.	\$265	\$260	\$255
Social Security (OASDI) taxable wage base	Calendar year	\$132,900	\$128,400	\$127,200

Notes:

Lookback year: *Highly compensated employees (“HCEs”) are determined based on their compensation in a “lookback year.” The lookback year is the previous plan year. For a 2020 calendar year plan, HCE status will be based on whether the employee’s 2019 compensation exceeded the just announced 2019 amount of \$125,000. For fiscal year plans, the “lookback year” will either be the previous plan year or, if elected on a consistent basis for all of an employer’s plans, the calendar year ending in the current plan year.*

Transportation benefits and new tax rules: *This fringe benefit is for transit passes, qualified parking, and transportation in a commuter highway vehicle. The 2018 Tax Cuts and Jobs Act (“TCJA”) disallows employer tax deductions for this benefit (except for employee safety concerns). If provided, the benefits continue to be tax-free for employees except for bicycle commuting allowances. Tax exempt employers will need to report expenditures for these excludible benefits as unrelated taxable income, which is onerous for those who have never filed Form 990-T. We hope for relief for tax exempt employers, so check with us. Massachusetts tax payers should also remember: qualified commuting expense exclusion is still limited to \$135, with the \$260 adjusted amount applicable only to parking. The disallowance of employer deduction for excludible expenses should also not apply to Massachusetts businesses, but check with us for more guidance.*

Key employees. *In addition to 5% owners, and 1% owners earning \$150,000 or more, officers earning more than an indexed amount are key employees. Key employee balances as of the last day of a previous plan year are considered, with certain distributions, in determining a plan’s top heavy status for a current year.*

You can find these and other recently announced 2019 limits in IRS [Notice 2018-83](#).

To see how these numbers have progressed over time, [check out this link](#).