

2018 Limits Announced

Federal agencies recently announced cost-of-living adjustments on Social Security taxable earnings and maximum benefits, 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 2017 and 2018. 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.

	2017	2018
RETIREMENT PLAN LIMITS		
Limit on Elective Deferrals	\$18,000	\$18,500
Limit on Catch-Up Deferrals	\$6,000	\$6,000
Annual Contribution Limit for Defined Benefit Plans	\$215,000	\$220,000
Contribution Limit for Defined Contribution Plans	\$54,000	\$55,000
Annual Compensation Limit	\$270,000	\$275,000
Highly Compensated Employee	\$120,000	\$120,000
Key Employee	\$175,000	\$175,000
HEALTH AND WELFARE PLAN LIMITS		
ACA Out-Of-Pocket Limit (non-grandfathered self-insured and large group health plans)		
Individual Coverage	\$7,150	\$7,350
Family Coverage	\$14,300	\$14,700
High-Deductible Health Plan Deductible		
Individual Coverage	\$1,300	\$1,350
Family Coverage	\$2,600	\$2,700
High-Deductible Health Plan Out-Of-Pocket Maximum		
Individual Coverage	\$6,550	\$6,650
Family Coverage	\$13,100	\$13,300
Health Savings Account Contribution		
Individual Coverage	\$3,400	\$3,450
Family Coverage	\$6,750	\$6,900
Catch-Up Contributions	\$1,000	\$1,000
Flexible Spending Account Contribution	\$2,600	\$2,650
Dependent Care Spending Account Contribution	\$5,000	\$5,000
Qualified Transportation Fringe Benefit		
Qualified Parking	\$255	\$260
Mass Transit and Commuter	\$255	\$260
PCORI Fee	\$2.26*	\$2.39
Transitional Reinsurance Fee**	-	-

* Fee applicable for plan years beginning on or after October 1, 2016 and ending before October 1, 2017. For plans year ending on or before December 31, 2016, the fee was due by July 31, 2017.

** No fee assessed after 2016. For the 2016 fee, first installment was due by January 15, 2017; second installment was due by November 15, 2017.

AFFORDABLE CARE ACT PENALTIES			
Failure to Offer Minimum Essential Coverage		\$2,260 for each full-time employee less 30	\$2,320 for each full-time employee less 30
Failure to Offer Minimum Value and Affordable Coverage		\$3,390/ for each full-time employee receiving a subsidy	\$3,480/ for each full-time employee receiving a subsidy
Affordability Safe Harbor Percentage		9.69%	9.56%
Failure to Timely File Correct Forms 1094/1095 with IRS		\$260/return, up to a maximum of \$3,218,500***	\$270/return, up to a maximum of \$3,282,500***
Failure to Timely Furnish Correct Forms 1094/1095 to Recipients		\$260/return, up to a maximum of \$3,218,500***	\$270/return, up to a maximum of \$3,282,500***
SOCIAL SECURITY (TAXES AND BENEFITS)			
Social Security Wage Base		\$127,200	\$128,400
Medicare Hospital Insurance Tax (1.45%) ****		No Limit	No Limit
Maximum Monthly Social Security Benefit at Full-Retirement Age		\$2,687	\$2,788
Permissible Retirement Earnings for Social Security under Full-Retirement Age		\$16,920	\$17,040
MEDICARE PART B			
Medicare Part B Monthly Premiums			
Individual Tax Return	Joint Tax Return		
\$85,000 or Less	\$170,000 or Less	\$134	\$134
Between \$85,001 and \$107,000	Between \$170,001 and \$214,000	\$187.50	\$187.50
Between 107,001 and \$160,000	Between \$214,001 and \$320,000	\$267.90	\$267.90
Between \$160,001 and \$214,000	Between \$320,001 and \$428,000	\$348.30	\$348.30
More than \$214,000	More than \$428,000	\$428.60	\$428.60
SOCIAL SECURITY FULL RETIREMENT AGE			
	Year of Birth	Full Retirement Age (Years & 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 Notice 2017-61, IRS Notice 2017-64, IRS Revenue Procedure 2017-36, IRS Revenue Procedure 2017-37, IRS Revenue Procedure 2017-58, HHS Notice of Benefit and Payment Parameters for 2018 (CMS-9934-F, December 22, 2016), 2018 Social Security Changes Fact Sheet, CMS Announcement 2018 Medicare Parts A & B Premiums and Deductibles Announced (11-17-17), and P.L. 98-21, the Social Security Amendments of 1983, signed April 20, 1983.

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

Sarah (Sally) Lockwood Church, Partner and Chair, Employee Benefits and Executive Compensation Practice • sally.church@saul.com • 412.209.2529

David Strosnider, Partner • david.strosnider@saul.com • 312.876.7807

Paul A. Kasicky, Counsel • paul.kasicky@saul.com • 412.209.2530

Robert H. Louis, Partner • robert.louis@saul.com • 215.972.7155

Dasha G. Brockmeyer, Associate • dasha.brockmeyer@saul.com • 412.209.2538