EBR benefacts

December 2016

2017 PLAN LIMITS

ANNUAL DOLLAR LIMITS – Based on IRS cost of living adjustments, the Internal Revenue Code (IRC) limits for 2017 are as follows:

- **401(k), 403(b) and 457(b) plans:** The maximum elective deferral limit under IRC §402(g) for 401(k), 403(b) and 457(b) plans is $18,000. In a 457(b) plan, the limit also includes any employer contributions.
- **401(k), 403(b) and governmental 457(b) catch-up contributions:** The catch up contribution limit is $6,000 for 2017. A participant who is age 50 or older during 2017 will have a total contribution limit of $24,000.
- **Compensation limits:** The maximum annual compensation amount that can be used to determine benefits or calculate contributions for a plan is $270,000.
- **Annual individual contribution amounts:** The maximum annual addition limit under defined contribution plans is the lesser of 100% of pay or $54,000 ($60,000 for 401(k) or 403(b) participants age 50 or older in 2017). This limit includes the sum of all contributions and forfeitures allocated to a participant's account during the year.
- **Annual defined benefit plan limit:** The maximum annual payout under defined benefit plans is $215,000 at age 62 or older. This payout is the annual benefit payable to a participant receiving monthly benefits from the plan.
- **Highly Compensated Employees:** The compensation limit for determining Highly Compensated Employees is $120,000.
- **Key Employees:** The compensation limit for determining if an officer is a Key Employee is $175,000.
- **Taxable Wage Base:** The Social Security taxable wage base is $127,200.

AT A GLANCE

LIMITS	2017	2016
401(k)/403(b)/457 Deferrals	$ 18,000	$ 18,000
401(k)/403(b)/457 Catch Up Contributions	$ 6,000	$ 6,000
Maximum Annual Addition (Under Age 50)	$ 54,000	$ 53,000
Maximum Annual Addition (Age 50 or Older)	$ 60,000	$ 59,000
Highly Compensated Employee Income Limit	$120,000	$120,000
Social Security Wage Base	$127,200	$118,500
Annual Compensation Limit	$270,000	$265,000

IMPORTANT LIMITS AND DEADLINES FOR QUALIFIED PLANS

DEDUCTION LIMIT

The deduction limit is 25% of covered compensation, plus elective deferrals under a 401(k) plan.

CONTRIBUTION DEPOSIT DUE DATES

Employee deferrals – Under Department of Labor (DOL) deadlines, employee deferrals and loan payments must be deposited to the trust *as soon as administratively feasible*, but no later than the 15th business day of the month following the month they are withheld from the employees' pay. For small plans (with under 100 participants), the DOL has issued a safe harbor rule. Under the safe harbor, contributions deposited by the 7th working day following the payroll date are considered to have been deposited timely. The DOL is soliciting comments about providing a safe harbor for large plans. Without the safe harbor, large plans must meet the "*as soon as administratively feasible"* standard. The DOL has been very clear in defining their policy and interprets "*as soon as administratively feasible*" to be as soon as the contributions can be reasonably segregated from the employer's general assets. This means that the deposit of employee deferrals and loan payments withheld should coincide with the employer's remittance of FICA and FIT withholding to the appropriate agencies, i.e., within two to three days after the pay date to coincide with the federal tax withholding deposit requirements.

Employer contributions (pension, profit sharing and matching) – Unless otherwise dictated by the plan document, employer contributions must be deposited to the trust by the due date of the employer's tax return, including extensions. For pension plans subject to minimum funding requirements, the contribution must generally be paid within 8½ months after the close of the plan year. Safe harbor matching contributions to a 401(k) plan that are calculated on a payroll period basis must be deposited at least quarterly.

401(k) SAFE HARBOR PLAN NOTICES

Annual written notice of the safe harbor provisions must be provided to eligible employees within *a reasonable time*, 30 - 90 days, before the first day of the plan year. For calendar year plans, the 2017 notice must be distributed by December 1, 2016.

ANNUAL 401(k)/401(m) DISCRIMINATION TESTING

The required annual nondiscrimination testing for salary deferrals and matching contributions in 401(k) plans without special automatic enrollment provisions must be completed within 2½ months after the end of the plan year to avoid the 10% excise tax assessed by the IRS on excess contributions. Excess contributions distributed are taxable to the recipient in the year distributed. Excess contributions are contributions returned to highly compensated employees to correct a failed discrimination test.

Excess elective deferrals, deferrals in excess of the 402(g) dollar limit, must be distributed by April 15th following the close of the participant's taxable year to avoid double taxation. If the excess elective deferrals are distributed by April 15th, the excess is taxable to the recipient in the year of deferral. If the excess is distributed after April 15th, the excess is taxable to the recipient in *both* the year of deferral and the year of distribution.

5500 FILINGS

The 5500 filing is due 7 months after the end of the plan year, or 9½ months if an extension, Form 5558, is filed.

TAX FILINGS

The tax filing deadline for filing Form 1065 and 1120S (Partnerships and S Corporations) is now 2½ months following the end of the organization's fiscal year or March 15 for a calendar year entity (previously 3½ months or April 15 for a calendar year entity). The tax filing deadline for filing Form 1120 (Corporations) now coincides with the deadline for filing form 1040 which is 3½ months following the end of the organization's fiscal year, or April 15 for a calendar entity (previously 2½ months or March 15 for a calendar year entity).