

## IRS Announcement

### Qualified Pension Plan Limitations for 2018

The Internal Revenue Service recently announced cost-of-living and statutory dollar limitations for qualified pension plans for 2018. Some of the changes are listed below.

PROVISION	2017 LIMIT	2018 LIMIT
<b>401(k) Elective Deferral Limit</b>		
Annual employee contribution to 401(k) plans	\$18,000	\$18,500
Additional 401(k) contributions for employees age 50 or over	\$6,000	\$6,000
<b>Maximum Compensation Limit</b>		
The amount of annual compensation that can be taken into account when determining plan benefits	\$270,000	\$275,000
<b>Defined Benefit Limit</b>		
The maximum annual straight-life benefit at age 65 (not to exceed 100% of average annual compensation)	\$215,000	\$220,000
<b>Defined Contribution Limit</b>		
The maximum annual contribution to a defined contribution plan (not to exceed 100% of compensation)	\$54,000	\$55,000
<b>Highly Compensated Employee Definition</b>		
Dollar limit on who is considered a highly compensated employee	\$120,000	\$120,000

*(Continued on next page)*

## Social Security Facts

The combined tax rate for Social Security and Medicare for an employee is 7.65%. The Social Security portion (OASDI) is 6.20% on earnings up to the applicable taxable maximum amount.

The Medicare portion (HI) is 1.45% on all earnings. There is an additional 0.9% Medicare tax on all earnings above certain threshold amounts (\$250,000 in wages for married filing jointly and \$200,000 for single taxpayers). These thresholds are not indexed for inflation. For a married couple, filing a joint return, the additional 0.9% tax is on the combined earnings of the employee and the employee's spouse.

TAX RATES	2017	2018
Employee	7.65%	7.65%
Self-Employed	15.30%	15.30%

MAXIMUM TAXABLE EARNINGS	2017	2018
Social Security (OASDI only)	\$127,200	\$128,400
Medicare (HI only)	No Limit	No Limit

**Information provided by:**  
Mullin Barens Sanford Financial and  
Insurance Services, LLC.  
2242 Purdue Avenue, Los Angeles,  
California 90064 | Tel: 310-473-0060 |  
Website: [www.mbsfin.com](http://www.mbsfin.com)

*The information incorporated into this presentation has been taken from sources, which we believe to be reliable, but there is no guarantee as to its accuracy.*

*This material is intended for informational purposes only and should not be construed as legal or tax advice and is not intended to replace the advice of a qualified attorney, tax advisor or plan provider. Please consult with your attorney or tax advisor as applicable.*

*Pursuant to IRS Circular 230, MBS Financial notifies you as follows: The information contained in this document is not intended to and cannot be used by anyone to avoid IRS penalties.*