

2017 Dollar Amounts and COLAs for Benefit Plans and Taxes

2017 DOLLAR AMOUNTS AND COLAS FOR BENEFIT PLANS AND TAXES		
<p>The IRS and Social Security Administration each year announce the cost-of-living adjustments affecting tax and employee benefits dollar amounts for the upcoming calendar year. Some highlights for 2017 (& 2016) are listed below. Note that the annual cap on employee pre-tax contributions to a Health FSA (IRC § 125) has increased to \$2,600.</p>		
Tax Benefit	2017	2016
Highly Compensated Employee (HCE) Threshold - IRC §414(q)(1)(B)	\$120,000	\$120,000
Key Employee, Officer - IRC § 416(i)(1)(A)(i)	\$175,000	\$170,000
Social Security Taxable Wage Base - § 2230 of Social Security Act	\$127,200	\$118,500
401(k), 403(b), Profit-Sharing Plans:		
Maximum Elective Deferrals (annually) - IRC § 402(g)(1)	\$18,000	\$18,000
Catch-up Contributions (for those age 50 and older)	\$ 6,000	\$ 6,000
Annual Compensation - IRC § 401(a)(17)	\$270,000	\$265,000
Annual Defined Contribution Limits - IRC § 415(c)(1)(A)	\$54,000	\$53,000
Individual Retirement Accounts (IRAs):		
IRA Contribution Limit	\$5,500	\$5,500
IRA Catch-up Contributions (age 50 and older)	\$1,000	\$1,000
Health Savings Accounts (H.S.A.s): IRC § 223(b)(2)(A)		
Maximum Annual Contribution – Individual Coverage	\$3,400	\$3,350
Maximum Annual Contribution – Family Coverage	\$6,750	\$6,750
Catch-up Contribution – age 55 and over - IRC § 223(b)(2)(A)	\$1,000	\$1,000
High Deductible Health Plan (HDHP): IRC § 223(c)(2)(A)		
Minimum Annual Deductible – Individual Coverage	\$1,300	\$1,300
Minimum Annual Deductible – Family Coverage	\$2,600	\$2,600
Maximum Out-of-Pocket Expenses – Individual Coverage	\$6,550	\$6,550
Maximum Out-of-Pocket Expenses – Family Coverage	\$13,100	\$13,100
Dependent Care Assistance Plan (DCAP) & Health Flexible Spending Account (HFSA) Maximum Annual Pre-tax Contribution through 125 Plan:		
DCAP if employee is married and filing a joint return or is a single parent filing as "House of Household" - IRC § 129	\$5,000	\$5,000
DCAP if employee is married but filing a separate return from spouse	\$2,500	\$2,500
HFSA, regardless of marital status	\$2,600	\$2,550
Adoption Credit & Exclusion from Income (may take both if enough expenses):		
Adoption Tax Credit (phases out between AGI of \$203,540 and \$243,540) - IRC § 23	\$13,570	\$13,460
Adoption Assistance, Maximum Annual Pre-tax Contribution through 125 Plan - IRC § 137	\$13,570	\$13,460

Qualified Transportation Benefits: IRC § 132(f)		
Parking – monthly maximum	\$255	\$255
Vanpooling & Transit – monthly maximum	\$255	\$255
Personal Income Tax Filing Amounts IRC § 63(c)(2)		
Dependent Exemption - IRC § 151(d)	\$ 4,050	\$ 4,050
Standard Deduction, Married Filing Jointly (MFJ)	\$12,700	\$12,600
Standard Deduction, Head of Household	\$ 9,350	\$ 9,300
Standard Deduction, Single or Married Filing Separately	\$ 6,350	\$ 6,300
Medicare Part B:		
Medicare Part B Premium (existing “hold harmless” enrollees) - estimated	\$105.20	\$104.90
Medicare Part B Deductible	\$ 204	\$166
Small Business Health Care Tax Credit		
Maximum tax credit phases out if employer’s average annual wages are in excess of this dollar amount Rev. Proc. 2016-55	\$26,200	\$25,900
Affordable Care Act Amounts		
Annual 5000A(c) penalty for individual not having “minimum essential coverage” (MEC): greater of dollar amount or a percentage of modified adjusted gross income (MAGI) - file Form 8965 if a tax is due	\$695 or 2.5%	\$395 or 2.0%
Annual 4980H(a) penalty for large employer not offering MEC to at least 95% (70% in 2015) of full-time employees. Penalty amount is times total number of full-time employees minus 30 (minus 80 in 2015)	Not yet announced	\$2,160
Annual 4980H(b) penalty for large employer not offering affordable minimum value coverage to all full-time employees. Penalty amount is per each full-time employee who qualifies for a subsidy to buy insurance in the marketplace.	Not yet announced	\$3,240

LINKS:

Social Security Administration announcement of 2017 SS changes:

<https://www.ssa.gov/news/press/factsheets/colafacts2017.pdf>

IRS announcement on Retirement plan COLAs & \$ limits for 2017:

<https://www.irs.gov/retirement-plans/cola-increases-for-dollar-limitations-on-benefits-and-contributions>

IRS announcement “In 2017, Some Tax Benefits Increase Slightly Due to Inflation Adjustments, Others Are Unchanged” (Oct. 25, 2016):

<https://www.irs.gov/uac/newsroom/in-2017-some-tax-benefits-increase-slightly-due-to-inflation-adjustments-others-are-unchanged>

Rev. Proc. 2016-55: This revenue procedure sets forth numerous inflation-adjusted tax Code amounts for 2017: <https://www.irs.gov/pub/irs-drop/rp-16-55.pdf>

Rev Proc 2016-28: This revenue procedure sets forth inflation-adjusted amounts for H.S.A.s and HDHPs for 2017: <https://www.irs.gov/pub/irs-drop/rp-16-28.pdf>