

November 2, 2018

IRS Publishes 2019 Pension Plan Limitations

The IRS recently announced the cost-of-living adjustments applicable to certain dollar limitations for employee pension benefit plans for 2019. The resulting dollar limits are as follows:

- The annual benefit limit for defined benefit plans is increased from \$220,000 to \$225,000.
- The annual addition limit for defined contribution plans is increased from \$55,000 to \$56,000.
- The annual limit with respect to the exclusion for elective deferrals to a 401(k), 403(b) or 457 plan is increased from \$18,500 to \$19,000.
- The limit on annual contributions to an individual retirement arrangement (IRA) is increased from \$5,500 to \$6,000. The dollar limit for an additional catch-up contribution to an IRA for individuals age 50 or older remains unchanged at \$1,000.
- The annual limit on compensation that can be taken into account under a qualified retirement plan is increased from \$275,000 to \$280,000.
- The dollar limit for determining key employees in a top-heavy plan is increased from \$175,000 to \$180,000.
- The dollar amount for determining the maximum account balance in an employee stock ownership plan (ESOP) subject to a five-year distribution period is increased from \$1.105 million to \$1.130 million. The dollar amount used to determine the lengthening of the five-year distribution period is increased from \$220,000 to \$225,000.
- The dollar limit for catch-up contributions for 401(k) plans for individuals age 50 or older remains unchanged at \$6,000. In addition, the dollar limit under SIMPLE plans and SIMPLE IRAs for catch-up contributions for participants who are age 50 or older remains unchanged at \$3,000.
- The limitation used in the definition of "highly compensated employee" is increased from \$120,000 to \$125,000.

A complete list of applicable pension plan limitations can be found [here](#).

If you have any questions about the cost-of-living adjustments or any other employee benefits or executive compensation matter, please contact a member of Day Pitney's Employee Benefits and Executive Compensation practice group.

Authors



David P. Doyle
Partner

Parsippany, NJ | (973) 966-8136
ddoyle@daypitney.com



Thomas F. J. O'Mullane
Partner

Parsippany, NJ | (973) 966-8413
tomullane@daypitney.com