

## 2019 Retirement Plan Limits

| Type of Limitation  | 2019 Limits*   | Explanation  | Examples   |
|---|--|--|--|
| <b>Maximum Considered Compensation**</b><br>(Per Plan Year)   | \$280,000  | Plan year compensation for a participant in excess of this amount is disregarded for plan purposes.  | A participant has \$300,000 of total compensation for the 2019 plan year. The company makes a matching contribution capped at 4% of compensation deposited each pay period. The matching contribution for this participant may not exceed \$11,200 for the plan year (4% x \$280,000).   |
| <b>Participant Contribution Limit in a 401(k), Profit Sharing, or Other DC Plan (IRC §415)</b><br>(Per Plan Year) | The lesser of: <ul style="list-style-type: none"> <li>\$56,000; or</li> <li>100% of compensation</li> </ul>  | The aggregate of all contributions for a participant (e.g., deferral, match, profit sharing, etc.) cannot exceed this limit.<br><br>This limit does not include catch-up deferrals.  | <ol style="list-style-type: none"> <li>A participant under age 50 with \$200,000 of total compensation for a plan year with deferrals of \$19,000 may be allocated an additional profit sharing contribution up to \$37,000 (\$19,000 + \$37,000 = \$56,000)</li> <li>Same as participant in 1 above, except that total compensation is \$50,000. The profit sharing contribution would be limited to \$31,000 (\$19,000 + \$31,000 = \$50,000).</li> </ol> <p>In both examples, a participant may be limited from receiving their maximum contributions due to the plan's deductible contribution limit (IRC§404).</p>                              |
| <b>Participant Deferral Basic Deferral Limit</b><br>(Per Calendar Year)   | \$19,000<br>(Aggregate of pre-tax deferrals and ROTH deferrals)  | This is the basic deferral limit for all participants. The Plan's document also has a limit on the % of compensation allowable for deferrals.  | A participant with at least \$19,000 of total compensation could defer up to \$19,000 from their compensation. However, limits imposed by the plan document to account for employee Social Security Tax and other withholdings usually preclude participants from deferring 100% of their compensation. Refer to your adoption agreement for the maximum allowable percentage of compensation a participant may defer to the plan.   |
| <b>Participant Deferral Catch-up Contributions</b><br>(Per Calendar Year)   | \$6,000  | An additional deferral amount available for participants age 50 or older in the current plan year. Allows such participants to defer up to \$25,000 (\$19,000 + \$6,000 = \$25,000).   | A participant, age 50 or older, with at least \$25,000 of total compensation could defer up to \$25,000 from their compensation. However, limits imposed by the plan document to account for employee Social Security Tax and other withholdings usually preclude participants from deferring 100% of their compensation. Refer to your adoption agreement for the maximum allowable percentage of compensation a participant may defer to the plan.   |
| <b>Highly Compensated Employee (HCE)</b><br><br>(Compensation for an HCE is based on the prior plan year)         | <ul style="list-style-type: none"> <li>More than \$120,000 in the <b>prior</b> plan year; or</li> <li>More-than-5% direct or indirect owner of the company</li> </ul>  | HCE determination using the dollar threshold is based on compensation <b>paid in the prior plan year</b> .<br><br>Indirect Owners are certain relatives of owner (e.g., spouse, child, parents, etc.)  | <ol style="list-style-type: none"> <li>A participant who makes \$130,000 in the 2019 plan year and made \$130,000 in the prior plan year is an HCE in the 2019 plan year.</li> <li>A participant who makes \$130,000 in the 2019 plan year but made \$100,000 in the prior year is NOT an HCE in the 2019 plan year, unless they are more than a 5% direct or indirect owner.</li> </ol>   |
| <b>Key Employee</b><br><br>(Compensation for a Key Employee is based on the prior plan year)                      | <ul style="list-style-type: none"> <li>A more-than-5% owner of the company</li> <li>Certain relatives of the above (e.g., spouse, children, parents, etc.)</li> <li>An officer with compensation greater than \$175,000.</li> <li>A more-than-1% owner with compensation greater than \$150,000</li> </ul> | Used in certain plan determinations and testing, specifically Top Heavy Determination which considers benefits due to key employees. A plan is Top Heavy if more than 60% of the benefits due from all plans sponsored by the Employer belong to key employees.<br><br>Any more-than-5% direct or indirect owner is also an HCE. | <ol style="list-style-type: none"> <li>The spouse of a 25% owner of the business is an employee of the business with annual compensation of \$50,000. The spouse is a Key Employee and also a HCE.</li> <li>The child of a 25% owner of the business is an employee of the business with annual compensation of \$15,000. The child is a Key Employee and also a HCE.</li> <li>An officer of the company with no ownership with compensation greater than \$175,000 in the prior plan year is a Key Employee and also a HCE.</li> </ol>  |
| <b>Defined Benefit Maximum Annual Benefit At Retirement (IRC §415)</b><br>(individual Limit)                      | The lesser of: <ul style="list-style-type: none"> <li>\$225,000; or</li> <li>100% of the average of the highest three consecutive year annual compensation.</li> </ul>   | This is the annual benefit payable <b>at retirement</b> that may be funded for in a DB or Cash Balance plan.<br><br>A participant's 415 limit will supersede the plan's formula, if the plan's formula would produce a benefit greater than the 415 limit.   | <ol style="list-style-type: none"> <li>Participant has established a high consecutive three year average compensation of \$265,000 and has 10 years of participation in a DB or Cash Balance plan. The plan may fund for an annual benefit for that participant of up to \$225,000 per year beginning at the plan's retirement age.</li> <li>Participant has established a high consecutive three year average compensation of \$100,000 and has 10 years of participation in a DB or Cash Balance plan. The plan may fund for an annual benefit for that participant of up to \$100,000 per year beginning at the plan's retirement age.</li> </ol> |

\* Dollar limits assume a 12/31 plan year end, and are indexed.

\*\*Compensation for this purpose is total gross wages or self-employment income (partners; sole props; etc.) for the plan year.

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