

IRS Announces 2019 Employee Benefit Plan Limits

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Summary

The IRS recently announced the cost-of-living adjustments to the applicable dollar limits for various employer-sponsored retirement and welfare plans for 2019. Although some of the dollar limits currently in effect for 2018 will remain the same, the majority of the limits will experience minor increases for 2019.

In Depth

Recently the Internal Revenue Service (IRS) and the Social Security Administration announced the cost-of-living adjustments to the applicable dollar limits on various employer-sponsored retirement and welfare plans and the Social Security wage base for 2019. The table below compares the applicable dollar limits for certain employee benefit programs and the Social Security wage base for 2018 and 2019.*

RETIREMENT PLAN LIMITS	2018	2019
Annual compensation limit	\$275,000	\$280,000
401(k), 403(b) & 457(b) before-tax contributions	\$18,500	\$19,000
Catch-up contributions (if age 50 or older)	\$6,000	\$6,000
Highly compensated employee threshold	\$120,000	\$125,000
Key employee officer compensation threshold	\$175,000	\$180,000
Defined benefit plan annual benefit and accrual limit	\$220,000	\$225,000
Defined contribution plan annual contribution limit	\$55,000	\$56,000
Employee stock ownership	\$220,000	\$225,000

plan (ESOP) limit for determining the lengthening of the general five-year distribution period		
ESOP limit for determining the maximum account balance subject to the general five-year distribution period	\$1,105,000	\$1,130,000
HEALTH AND WELFARE PLAN LIMITS		
High Deductible Health Plans (HDHP) and Health Savings Accounts (HSA)		
<i>HDHP – Maximum annual out-of-pocket limit (excluding premiums):</i>		
Self-only coverage	\$6,650	\$6,750
Family coverage	\$13,300	\$13,500
<i>HDHP – Minimum annual deductible:</i>		
Self-only coverage	\$1,350	\$1,350
Family coverage	\$2,700	\$2,700
<i>HSA – Annual contribution limit:</i>		
Self-only coverage	\$3,450	\$3,500
Family coverage	\$6,900	\$7,000
Catch-up contributions (age 55 or older)	\$1,000	\$1,000
SOCIAL SECURITY WAGE BASE		
Social Security Maximum Taxable Earnings (dollars)	\$128,400	\$132,900

Plan sponsors should update payroll and plan administration systems for the 2019 cost-of-living adjustments and should incorporate the new limits in relevant participant communications, like open enrollment materials and summary plan descriptions.

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