

COLA 2020

Retirement Cost-of-Living Adjustments

TRI-AD presents the *Cost-of-Living Adjustments* (COLAs) for 2020. These limits are provided each year by the Internal Revenue Service and become effective **January 1, 2020**.

Maximum Dollar Limitations

Employee Deferral Limits	2020	2019	2018	2017	2016
401(k) Contribution	\$19,500	19,000	18,500	18,000	18,000
403(b) Contribution	\$19,500	19,000	18,500	18,000	18,000
457 Contribution	\$19,500	19,000	18,500	18,000	18,000
SIMPLE 401(k)/IRA	\$13,500	13,000	12,500	12,500	12,500
Employee Catch-Up Limits					
401(k), 403(b), 457	\$6,500	6,000	6,000	6,000	6,000
SIMPLE 401(k)/IRA	\$3,000	3,000	3,000	3,000	3,000
Other Plan Limitations					
Compensation Cap	\$285,000	280,000	275,000	270,000	265,000
Defined Benefit Plan Maximum Benefit	\$230,000	225,000	220,000	215,000	210,000
Defined Contribution Plan Maximum Contribution	\$57,000	56,000	55,000	54,000	53,000
Highly Compensated Employees' Compensation Exceeding	\$130,000	125,000	120,000	120,000	120,000
Key Employee Officer Compensation	\$185,000	180,000	175,000	175,000	170,000
Key Employee 1% Owner	\$150,000	150,000	150,000	150,000	150,000
SEP Participation Coverage Compensation Level	\$600	600	600	600	600
ESOP Threshold for 5-Year Distribution Period	\$1,150,000	1,130,000	1,105,000	1,080,000	1,070,000
ESOP Incremental Threshold for Extending 5-Year Distribution Period (max 5 additional years)	\$230,000	225,000	220,000	215,000	210,000
Social Security Taxable Wage Bases					
- Social Security	\$137,700	132,900	128,400	127,200	118,500
- Medicare	No Limit	No Limit	No Limit	No Limit	No Limit
Social Security Tax Rates					
	By Percentage				
- Social Security - Employer	6.20	6.20	6.20	6.20	6.20
- Social Security - Employee	6.20	6.20	6.20	6.20	6.20
- Medicare – Employer and Employee	1.45	1.45	1.45	1.45	1.45
- Per Employer/Per Employee Combined Rate	7.65	7.65	7.65	7.65	7.65
Combined Rate	15.30	15.30	15.30	15.30	15.30
Additional Medicare Tax on Wages above \$200,000 – Employee Only	.9*	.9*	.9*	.9*	.9*

*The Affordable Care Act imposes an additional .9% Medicare tax on wages above \$200,000 (\$250,000 for married couples filing jointly, \$125,000 for married couples filing separately and \$200,000 for other filers). Employers are required to withhold the additional .9% Medicare tax (a total of 2.35%) on wages above \$200,000 regardless of the employee's tax filing status. Employers do not match this additional tax.

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COLA 2020

Health & Welfare Cost-of-Living Adjustments

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Maximum Dollar Limitations

	2020	2019	2018	2017
Health Care Reimbursement Accounts in a Cafeteria Plan				
Maximum Contribution	\$2,750	2,700	2,650	2,600
Dependent Care Reimbursement Accounts in a Cafeteria Plan				
Maximum Contribution	\$5,000	5,000	5,000	5,000
Maximum Contribution if Married Filing Separately	\$2,500	2,500	2,500	2,500
Dependent Care Tax Credit on Personal Tax Return¹				
1 Qualifying Individual	\$3,000	3,000	3,000	3,000
2 or more Qualifying Individuals	\$6,000	6,000	6,000	6,000
Qualified Relative Income Allowance				
Maximum Amount a qualified relative can earn and still be considered a dependent for tax purposes	\$4,300	4,200	4,150	4,050
Qualified Transportation Plan				
Parking – Monthly Limit	\$270	265	260	255
Transit Passes and Vanpooling (Combined) – Monthly Limit	\$270	265	260	255
Bicycle benefit (Employer-funded) – Monthly Limit ²	\$20	20	20	20
Adoption Assistance Program³				
Maximum Exclusion for Employer-Provided Program ⁴	\$14,300	14,080	13,810	13,570
Adoption Tax Credit Limit	\$14,300	14,080	13,810	13,570
Modified Adjusted Gross Income Limits for Employer-Provided Adoption Assistance Program and Tax Credit				
Full credit if adjusted gross income below	\$214,520	211,160	207,140	203,540
Phased credit if adjusted gross income between	214,520 -254,520	211,160 -251,160	207,140 -247,140	203,540 -243,540
No credit allowed for adjusted gross income above	\$254,520	251,160	247,140	243,540
Educational Assistance Programs				
Maximum nontaxable educational assistance benefit	\$5,250	5,250	5,250	5,250
Health Savings Accounts				
Contribution Limit per Individual	\$3,550	3,500	3,450	3,400
Contribution Limit per Family	\$7,100	7,000	6,900	6,750
Catch-up Contribution for Age 55 and Older	\$1,000	1,000	1,000	1,000
Out-of-pocket Maximum per Individual	\$6,900	6,750	6,650	6,550
Out-of-pocket Maximum per Family	\$13,800	13,500	13,300	13,100
Minimum Deductible per Individual	\$1,400	1,350	1,350	1,300
Minimum Deductible per Family	\$2,800	2,700	2,700	2,600
Highly Compensated Employee Compensation Exceeding	\$130,000	125,000	120,000	120,000
Key Employee Officer Compensation	\$185,000	180,000	175,000	175,000
Key Employee 1% Owner	\$150,000	150,000	150,000	150,000

¹ Credit may be adjusted based on the level of the taxpayer's adjusted gross income and is reduced by amounts excluded from income under a Dependent Care Reimbursement Account plan sponsored by an employer.

² The Tax Cuts & Jobs Act of 2017 changed the bicycle benefit to a taxable benefit for years after 2017 and before 2026.

³ An employer-sponsored Adoption Assistance Program may be a stand-alone program or contained within a Cafeteria Plan.

⁴ If employer-sponsored Adoption Assistance Program is contained in a Cafeteria Plan, this is the maximum limit within the plan year.

