

Payrollnews

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Social Security Releases COLA Increases for 2017

At Data Management Payroll Services, we keep our clients informed. The Social Security Administration (SSA) has announced the Cost-of-Living Adjustments (COLA). The Social Security taxable wage base is up \$8,700 from 2016, while many of the numbers remain the same for 2017.

Favorable changes to the Consumer Price Index (CPI-W) from the third quarter of 2014 to the third quarter of 2016 mean an increase in the cost-of-living adjustments (COLA). According to the recently published Social Security Fact Sheet, **a COLA was determined with an increase for 2017.**

Some of the pension plan limitations will increase, and some will remain the same. Recently released numbers for 2017 are as follows:

Taxable Wage Base

For 2017, the maximum amount of earnings subject to the Social Security tax will increase. Based on the increase of average wages, the new 2017 taxable wage base will be \$127,200, up a whopping \$8,700 from 2016.

The maximum Social Security tax payable for employees and employers in 2017 has risen to \$7,886.40, an increase of \$539.40 from the 2016 maximum of \$7,347. The combined Social Security tax rate (6.2%) and the Medicare tax

rate (1.45%) remains the same at 7.65% for 2017.



Self-Employed Taxable Wage Base

The tax rate for self-employed individuals also remains unchanged for 2017 at 15.3% (12.4% for Social Security and 2.9% for Medicare), with the cap on Social Security tax for the self-employed at \$15,772.80.

401(k) Contributions

The contribution limits for employees who participate in 401(k), 403(b), and most 457 plans, and the federal government's Thrift Savings Plan remains unchanged at \$18,000 for 2017.

Catch-up Contributions

A catch-up contribution allows plan participants, that are age 50 or over, to make additional "catch-up" pre-tax contributions before the end of the taxable year. The 401(k) catch-up limit for 2017 remains unchanged for the second year at \$6,000.

Defined Benefit Plan

The maximum annual pension benefit limitation under a defined benefit plan is up \$5,000 from 2016, increased to \$215,000, effective January 1, 2017.

Defined Contribution Plan

The limitation for defined contribution plans, under Section 415(c)(1)(A) has increased by \$1,000 – from \$53,000 in 2016 – up to \$54,000 for 2017.

Highly Compensated Employees

For the third year in a row, the threshold used to define a highly compensated employee (HCE) will not increase, and remains the same for 2017 at \$120,000.

Simple Plan Contribution

Also for the third year in a row, the limitation for contributions to SIMPLE plan retirement accounts remains the same for 2017 at \$12,500.

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2017 BANK HOLIDAYS

According to the Federal Reserve, here are the recognized bank holidays in 2017.

New Year's Day	Monday, January 2
Birthday of Martin Luther King Jr.	Monday, January 16
Washington's Birthday	Monday, February 20
Memorial Day	Monday, May 29
Independence Day	Tuesday, July 4
Labor Day	Monday, September 4
Columbus Day	Monday, October 9
Veterans Day	Saturday, November 11
Thanksgiving Day	Thursday, November 23
Christmas Day	Monday, December 25

COLA Increases...

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IRA Contributions & Catch-up Limits

The limitations on annual contributions to an Individual Retirement Arrangement (IRA) remain unchanged for 2017 at \$5,500. The IRA catch-up contribution limit will be \$1,000 in 2017, also the same as last year.

For more information and details about the COLA numbers, visit the Social Security Administration's website at www.ssa.gov.

DM Payroll Services wants to help your company save time and money in 2017 ... even the IRS agrees that outsourcing your payroll processing is the best idea! We'll make sure you never miss an important tax date, and we'll keep you up-to-date on laws and changes that affect your business and your bottom line.

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Sources: www.irs.gov and www.ssa.gov.

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