

Part I

Section 401. -- Qualified Pension, Profit-Sharing, and Stock Bonus Plans

26 CFR 1.401(l)-1: Permitted disparity in employer-provided contributions or benefits

Rev. Rul. 2018-04

This revenue ruling provides tables of covered compensation under section 401(l)(5)(E) of the Internal Revenue Code and the Income Tax Regulations thereunder, for the 2018 plan year. These tables of covered compensation reflect a revision to the taxable wage base for 2018 that was announced by the Social Security Administration on November 27, 2017, and apply in lieu of the tables that were provided in Revenue Ruling 2017-22, 2017-48 I.R.B. 536, 2017.

Section 401(l)(5)(E)(i) defines covered compensation with respect to an employee as the average of the contribution and benefit bases in effect under section 230 of the Social Security Act (the "Act") for each year in the 35-year period ending with the year in which the employee attains social security retirement age.

Section 401(l)(5)(E)(ii) states that the determination for any year preceding the year in which the employee attains social security retirement age shall be made by assuming that there is no increase in covered compensation after the determination year and before the employee attains social security retirement age.

Section 1.401(l)-1(c)(34) of the Income Tax Regulations defines the taxable wage base as the contribution and benefit base under section 230 of the Act.

Section 1.401(l)-1(c)(7)(i) defines covered compensation for an employee as the average (without indexing) of the taxable wage bases in effect for each calendar year during the 35-year period ending with the last day of the calendar year in which the employee attains (or will attain) social security retirement age. A 35-year period is used for all individuals regardless of the year of birth of the individual. In determining an employee's covered compensation for a plan year, the taxable wage base for all calendar years beginning after the first day of the plan year is assumed to be the same as the taxable wage base in effect as of the beginning of the plan year. An employee's covered compensation for a plan year beginning after the 35-year period applicable under § 1.401(l)-1(c)(7)(i) is the employee's covered compensation for a plan year during which the 35-year

period ends. An employee's covered compensation for a plan year beginning before the 35-year period applicable under § 1.401(l)-1(c)(7)(i) is the taxable wage base in effect as of the beginning of the plan year.

Section 1.401(l)-1(c)(7)(ii) provides that, for purposes of determining the amount of an employee's covered compensation under § 1.401(l)-1(c)(7)(i), a plan may use tables, provided by the Commissioner, that are developed by rounding the actual amounts of covered compensation for different years of birth.

For purposes of determining covered compensation for the 2018 year, the taxable wage base is \$128,400.

The following tables provide covered compensation for 2018.

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2018 COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2018 COVERED COMPENSATION TABLE II
1907	1972	\$ 4,488
1908	1973	4,704
1909	1974	5,004
1910	1975	5,316
1911	1976	5,664
1912	1977	6,060
1913	1978	6,480
1914	1979	7,044
1915	1980	7,692
1916	1981	8,460
1917	1982	9,300
1918	1983	10,236
1919	1984	11,232
1920	1985	12,276
1921	1986	13,368
1922	1987	14,520
1923	1988	15,708
1924	1989	16,968
1925	1990	18,312
1926	1991	19,728
1927	1992	21,192
1928	1993	22,716

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2018 COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2018 COVERED COMPENSATION TABLE II
1929	1994	24,312
1930	1995	25,920
1931	1996	27,576
1932	1997	29,304
1933	1998	31,128
1934	1999	33,060
1935	2000	35,100
1936	2001	37,212
1937	2002	39,444
1938	2004	43,992
1939	2005	46,344
1940	2006	48,816
1941	2007	51,348
1942	2008	53,952
1943	2009	56,628
1944	2010	59,268
1945	2011	61,884
1946	2012	64,560
1947	2013	67,308
1948	2014	69,996
1949	2015	72,636
1950	2016	75,180
1951	2017	77,880
1952	2018	80,532
1953	2019	83,124
1954	2020	85,656
1955	2022	90,540
1956	2023	92,928
1957	2024	95,220
1958	2025	97,428
1959	2026	99,564
1960	2027	101,652
1961	2028	103,680
1962	2029	105,612
1963	2030	107,532

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2018 COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2018 COVERED COMPENSATION TABLE II
1964	2031	109,404
1965	2032	111,204
1966	2033	112,920
1967	2034	114,516
1968	2035	116,004
1969	2036	117,384
1970	2037	118,620
1971	2038	119,808
1972	2039	120,960
1973	2040	122,064
1974	2041	123,036
1975	2042	123,924
1976	2043	124,680
1977	2044	125,292
1978	2045	125,904
1979	2046	126,528
1980	2047	127,044
1981	2048	127,464
1982	2049	127,800
1983	2050	128,076
1984	2051	128,364
1985 and Later	2052 and Later	128,400

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2018 ROUNDED COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	2018 COVERED COMPENSATION ROUNDED
1937	\$ 39,000
1938 – 1939	45,000
1940	48,000

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2018 ROUNDED COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	2018 COVERED COMPENSATION ROUNDED
1941	51,000
1942	54,000
1943	57,000
1944	60,000
1945	63,000
1946 – 1947	66,000
1948	69,000
1949	72,000
1950	75,000
1951	78,000
1952	81,000
1953	84,000
1954	87,000
1955	90,000
1956	93,000
1957 – 1958	96,000
1959	99,000
1960	102,000
1961 – 1962	105,000
1963 – 1964	108,000
1965	111,000
1966 – 1967	114,000
1968 – 1969	117,000
1970 – 1972	120,000
1973 – 1975	123,000
1976 – 1980	126,000
1981 and Later	128,400

EFFECT ON OTHER DOCUMENTS

Rev. Rul. 2017-22 is modified and superseded.

DRAFTING INFORMATION

The principal author of this notice is Tom Morgan of the Office of the Associate Chief Counsel (Tax Exempt and Government Entities). However, other personnel from the IRS participated in the development of this guidance. For further information regarding this notice, contact Mr. Morgan at 202-317-6700 or Michael Spaid at 206-946-3480 (not toll-free numbers).