



Benefit and Contribution Limits for 2016

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The Commissioner of Internal Revenue announced yesterday that the dollar limitations for benefits and contributions that apply to retirement plans generally will not change for 2016 because the increase in the cost-of-living index did not trigger adjustments. In addition, the Social Security Administration did not increase the Social Security taxable wage base. Increases for health savings accounts were announced this summer. The following chart shows the 2016 limits and the similar limits for 2015.

Benefit Limits Under the Internal Revenue Code and Social Security		
Description	2015 Limit	2016 Limit
Compensation Cap under 401(a)(17)	\$265,000	\$265,000
Elective Deferral Limitation under 402(g)(1) for elective deferrals for 401(k) plans, SEPs and 403(b) plans	\$18,000	\$18,000

<p>Catch Up Contributions for Individuals Age 50 and Older</p> <p>For SIMPLE IRAs or SIMPLE 401(k) plans</p>	<p>\$6,000</p> <p>\$3,000</p>	<p>\$6,000</p> <p>\$3,000</p>
<p>Defined Benefit Maximum</p>	<p>\$210,000</p>	<p>\$210,000</p>
<p>Defined Contribution Maximum</p>	<p>\$53,000</p>	<p>\$53,000</p>
<p>Highly Compensated Employee Compensation Limit</p> <p>Key Employee in Top-Heavy Plans Compensation Limit</p>	<p>\$120,000</p> <p>\$170,000</p>	<p>\$120,000</p> <p>\$170,000</p>

<p>ESOP Threshold for determining maximum account balance subject to 5- year distribution period</p> <p>Regular Limit Additional amount to lengthen 5- year period</p>	<p>\$1,070,000 \$210,000</p>	<p>\$1,070,000 \$210,000</p>
<p>SEP Compensation Threshold for Participation</p>	<p>\$600</p>	<p>\$600</p>
<p>SIMPLE IRA Maximum Pre-Tax Contribution</p>	<p>\$12,500</p>	<p>\$12,500</p>
<p>Deferral Limit for Governments and Tax- Exempts (457(b))</p>	<p>\$18,000</p>	<p>\$18,000</p>

IRA Maximum Deduction	\$5,500	\$5,500
IRA Age 50 Catch Up	\$1,000	\$1,000
Social Security Taxable Wage Base	\$118,500	\$118,500
Health Savings Account Maximum Contributions	\$6,650	\$6,750
Family Coverage Single Coverage	\$3,350	\$3,350

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