

IRS Announces Retirement Plan Limits for 2016

Cost of Living Adjustments Effective for Plan Years Beginning 1/1/2016

On October 21, 2015, the Internal Revenue Service in [IR-2015-118](#) announced the cost-of-living adjustments that apply to dollar limits for retirement plans for the tax year beginning on January 1, 2016.

As widely anticipated, since there was no increase in the cost of living, as measured by the Bureau of Labor Statistic's Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the period covering the third quarter of 2014 to the third quarter of 2015, the retirement limits will remain at the 2015 levels.

In similar fashion, on October 15, the [Social Security Administration announced](#) that since there was no increase in the CPI-W no adjustment to monthly Social Security, Supplemental Income benefits, and Taxable Wage base would be made for 2016.

NOTE: IRA deduction phase-out limits for MFJ filers when one spouse is covered by a plan was increased by \$1,000. A \$1,000 increase in Roth IRA contribution phase-out was extended to Single and MFJ filers. We have highlighted the year-over-year changes for easy identification.

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elective deferral limit for 401(k), Roth 401(k), 403(b), Roth 403(b), & 457 Plans	\$18,000	\$18,000	\$17,500	\$17,500	\$17,000	\$16,500	\$16,500	\$16,500	\$15,500	\$15,500
Catch-up contribution limit for 401(k), Roth 401(k), 403(b), Roth 403(b), & 457 Plans	\$6,000	\$6,000	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,000	\$5,000
Elective deferral limit for SIMPLE IRA Plans	\$12,500	\$12,500	\$12,000	\$12,000	\$11,500	\$11,500	\$11,500	\$11,500	\$10,500	\$10,500
Catch-up contribution limit for SIMPLE IRA Plans	\$3,000	\$3,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Annual addition limit for defined contribution plans	\$53,000	\$53,000	\$52,000	\$51,000	\$50,000	\$49,000	\$49,000	\$49,000	\$46,000	\$45,000
Annual addition limit to SEP IRA Plans	\$53,000	\$53,000	\$52,000	\$51,000	\$50,000	\$49,000	\$49,000	\$49,000	\$46,000	\$45,000
Maximum plan compensation for retirement plan purposes	\$265,000	\$265,000	\$260,000	\$255,000	\$250,000	\$245,000	\$245,000	\$245,000	\$230,000	\$225,000
Annual benefit limit for defined benefit plans	\$210,000	\$210,000	\$210,000	\$205,000	\$200,000	\$195,000	\$195,000	\$195,000	\$185,000	\$180,000
Threshold amount for definition of a highly compensated employee	\$120,000	\$120,000	\$115,000	\$115,000	\$115,000	\$110,000	\$110,000	\$110,000	\$105,000	\$100,000
Threshold amount for definition of a key employee in top heavy plans	\$170,000	\$170,000	\$170,000	\$165,000	\$165,000	\$160,000	\$160,000	\$160,000	\$150,000	\$145,000
SEP IRA compensation threshold for eligibility	\$600	\$600	\$550	\$550	\$550	\$550	\$550	\$550	\$500	\$500
Social Security Taxable Wage Base	\$118,500	\$118,500	\$117,000	\$113,700	\$110,100	\$106,800	\$106,800	\$106,800	\$102,000	\$97,500
IRA or Roth IRA contribution limit	\$5,500	\$5,500	\$5,500	\$5,500	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$4,000
Catch-up contribution limit for IRA or Roth IRA	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
IRA Deduction phase-out limit for active plan participants starts at										
Single	\$61,000	\$61,000	\$60,000	\$59,000	\$58,000	\$56,000	\$56,000	\$55,000	\$53,000	\$52,000
Married Filing Jointly	\$98,000	\$98,000	\$96,000	\$95,000	\$92,000	\$90,000	\$89,000	\$89,000	\$85,000	\$83,000
Married Filing Jointly and one spouse is covered by a plan	\$184,000	\$183,000	\$181,000	\$178,000	\$173,000	\$169,000	\$167,000	\$166,000	\$159,000	\$156,000
Roth IRA contribution phase-out limit starts at										
Single	\$117,000	\$116,000	\$114,000	\$112,000	\$110,000	\$107,000	\$105,000	\$105,000	\$101,000	\$99,000
Married Filing Jointly	\$184,000	\$183,000	\$181,000	\$178,000	\$173,000	\$169,000	\$167,000	\$166,000	\$159,000	\$156,000

For more information on how these limits may affect you and to take advantage of the opportunities they may present, please call our office. We are ready to help.

**This summary is designed to provide an overview of the dollar limitations for retirement plans and other relevant limits for 2016 and is not intended to be comprehensive.*

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