

Alert

Retirement Plan Dollar Limits Remain Flat for 2016

October 21, 2015

On Oct. 21, 2015, the Internal Revenue Service announced the cost-of-living adjustments affecting the dollar limitations for qualified retirement plans that will allow employees to increase their retirement savings for 2016. Employees will be able to continue to defer up to \$18,000 into their qualified defined contribution plans, and an additional \$6,000 for those over the age of 50, for a combined total of \$24,000. The Consumer Price Index for All Urban Consumers is the benchmark used, and the index did not have the increases needed to trigger adjustments for 2016. As a result, most of the 2016 dollar limits will remain unchanged as noted in the chart below:

IRS Limits	Internal Revenue Code Section	2012	2013	2014	2015	2016
Elective Deferral Limit for 401(k), 403(b) and 457(b) Plans	§ 402(g)(1), § 457(e)(15)	\$17,000	\$17,500	\$17,500	\$18,000	\$18,000
Catch-Up Contribution Limit for Age 50+	§ 414(v)(2)(B)(i)	\$5,500	\$5,500	\$5,500	\$6,000	\$6,000
Annual Compensation Limit for Qualified Plans	§ 401(a)(17), § 404(l), § 408(k)(3)(C)	\$250,000	\$255,000	\$260,000	\$265,000	\$265,000
Defined Contribution Plan Limit on Annual Additions	§ 415(c)(1)(A)	\$50,000	\$51,000	\$52,000	\$53,000	\$53,000
Highly Compensated Employee Limit	§ 414(q)(1)(B)	\$115,000	\$115,000	\$115,000	\$120,000	\$120,000
Defined Benefit Plan Maximum Annual Benefit	§ 415(b)(1)(A)	\$200,000	\$205,000	\$210,000	\$210,000	\$210,000
Key Employee Limit for Top Heavy Purposes	§ 416(i)(1)(A)(i)	\$165,000	\$165,500	\$170,000	\$170,000	\$170,000
Social Security Taxable Wage Base	OASDI	\$110,100	\$113,700	\$117,000	\$118,500	\$118,500

Employers and plan sponsors of qualified retirement plans should communicate these limits for 2016 to plan participants. We are available to advise you on updating your enrollment materials, summary plan descriptions, employee handbooks and other employee communications.

If you have any questions about the new limits or any other employee benefit matters, please feel free to contact one of the authors.

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