

IRS ANNUAL COST-OF-LIVING ADJUSTMENTS EMPLOYEE BENEFIT DOLLAR LIMITATIONS FOR 2016

**EFFECTIVE:
JANUARY 1, 2016**

The IRS has released the 2016 cost-of-living adjustments applicable to the dollar limits and thresholds for retirement plans and health and welfare benefit plans. Plan sponsors should update their systems and formulas to include the limits that have been adjusted. Generally, the limits have remained the same as 2015.

RETIREMENT PLAN LIMITS	2015	2016
ELECTIVE DEFERRALS		
401(k) CONTRIBUTIONS	\$18,000	\$18,000
403(b) CONTRIBUTIONS	\$18,000	\$18,000
457 PLAN CONTRIBUTIONS	\$18,000	\$18,000
SIMPLE 401 (k) CONTRIBUTIONS	\$12,500	\$12,500
SIMPLE IRA CONTRIBUTIONS	\$12,500	\$12,500
CATCH-UP CONTRIBUTIONS		
401(k) CONTRIBUTIONS	\$6,000	\$6,000
403(b) CONTRIBUTIONS	\$6,000	\$6,000
457 PLAN CONTRIBUTIONS	\$6,000	\$6,000
SIMPLE 401 (k) CONTRIBUTIONS	\$3,000	\$3,000
SIMPLE IRA CONTRIBUTIONS	\$3,000	\$3,000
415 ANNUAL ADDITIONS		
DEFINED BENEFIT PLAN DOLLAR LIMIT	\$210,000	\$210,000
DEFINED CONTRIBUTION PLAN DOLLAR LIMIT	\$53,000	\$53,000
401(a) (17) MAXIMUM ANNUAL PLAN COMPENSATION	\$265,000	\$265,000
414(q) HIGHLY COMPENSATED EMPLOYEE	\$120,000	\$120,000
TOP-HEAVY KEY EMPLOYEE		
OFFICERS	\$170,000	\$170,000
1% OWNER	\$150,000	\$150,000
IRAs		
ANNUAL CONTRIBUTION LIMIT	\$5,500	\$5,500
CATCH-UP CONTRIBUTIONS	\$1,000	\$1,000
FICA TAXABLE WAGE BASE		
SOCIAL SECURITY (TAX RATE 6.2%)	\$118,500	\$118,500
MEDICARE (TAX RATE 1.45%)	NO LIMIT	NO LIMIT
HEALTH AND WELFARE BENEFIT PLAN LIMITS	2015	2016
CONTRIBUTION LIMITS FOR HSAs		
SINGLE - CONTRIBUTION TO HSAs	\$3,350	\$3,350
FAMILY - CONTRIBUTION TO HSAs (Changed)	\$6,650	\$6,750
CATCH-UP CONTRIBUTION (55+)	\$1,000	\$1,000

Source: IRS: IR-2015-118