

Pension Plan Limits

For The 2016 Tax Year

The IRS recently announced cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2016. Some pension limitations such as those governing 401k plans and IRAs will remain unchanged because the increase in the Consumer Price Index did not meet the statutory thresholds for their adjustment. However, other pension plan limitations will increase for 2016, as indicated in the chart below.

2016 Plan Limits Chart

Defined Contribution Limits for Plan Year	2016	2015	2014	2013	2012	2011	2010
401k Elective Deferrals	\$18,000	\$18,000	\$17,500	\$17,500	\$17,000	\$16,500	\$16,500
Annual Defined Contribution Limit	\$53,000	\$53,000	\$52,000	\$51,000	\$50,000	\$49,000	\$49,000
Annual Compensation Limit	\$265,000	\$265,000	\$260,000	\$255,000	\$250,000	\$245,000	\$245,000
Catch-Up Contribution Limit	\$6,000	\$6,000	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
Highly Compensated Employees	\$120,000	\$120,000	\$115,000	\$115,000	\$115,000	\$110,000	\$110,000
Non-401k Related Limits							
Annual Defined Benefit Limit	\$210,000	\$210,000	\$210,000	\$205,000	\$200,000	\$195,000	\$195,000
403(b)/457 Elective Deferrals	\$18,000	\$18,000	\$17,500	\$17,500	\$17,000	\$16,500	\$16,500
SIMPLE Employee Deferrals	\$12,500	\$12,500	\$12,000	\$12,000	\$11,500	\$11,500	\$11,500
SIMPLE Catch-Up Deferral	\$3,000	\$3,000	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
SEP Minimum Compensation	\$600	\$600	\$550	\$550	\$550	\$550	\$550
SEP Annual Compensation Limit	\$265,000	\$265,000	\$260,000	\$255,000	\$250,000	\$245,000	\$245,000
Social Security Wage Base	\$118,500	\$118,500	\$117,000	\$113,700	\$110,100	\$106,800	\$106,800

Summary of Changes

- The elective deferral (contribution) limit for employees who participate in 401(k), 403(b), most 457 plans. The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan remains unchanged at \$6,000.
- The limit on annual contributions to an Individual Retirement Arrangement (IRA) remains unchanged at \$5,500. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains \$1,000.
- The deduction for taxpayers making contributions to a traditional IRA is phased out for those who have modified adjusted gross incomes (AGI) within a certain range. For singles and heads of household who are covered by a workplace retirement plan, the income phase-out range remains unchanged at \$61,000 to \$71,000. For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out range remains unchanged at \$98,000 to \$118,000. For a married individual filing a separate return who is covered by a workplace retirement plan, the phase-out range is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.
- The AGI phase-out range for a married individual filing a separate return who makes contributions to a Roth IRA is not subject to an annual cost-of-living adjustment and remains \$0 to \$10,000.
- The AGI limit for the saver's credit (also known as the retirement savings contribution credit) for low- and moderate-income workers is \$61,000 for married couples filing jointly, up from \$60,000 in 2014; \$45,750 for heads of household, up from \$45,000; and \$30,500 for married individuals filing separately and for singles, up from \$30,000
- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$184,000 and \$194,000, up from \$183,000 and \$193,000.
- The AGI phase-out range for taxpayers making contributions to a Roth IRA is \$184,000 to \$194,000 for married couples filing jointly, up from \$183,000 to \$193,000. For singles and heads of household, the income phase-out range is \$117,000 to \$132,000, up from \$116,000 to \$131,000.
- The AGI limit for the saver's credit (also known as the retirement savings contribution credit) for low- and moderate-income workers is \$61,500 for married couples filing jointly, up from \$61,000; \$46,125 for heads of household, up from \$45,750; and \$30,750 for married individuals filing separately and for singles, up from \$30,500.



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