



IRS Announces 2016 Retirement Plan Limitations – Most Limits Remain Unchanged

By: [Lori A. Basilio](#)

The Internal Revenue Service announced the 2016 cost-of-living adjustments to the dollar limitations for qualified retirement plans and other benefits, and the Social Security Administration announced its own cost-of-living adjustments for 2016. The elective deferral contribution limit for 401(k), 403(b) and 457(b) plans, as well as the catch-up contribution limit, remain unchanged from 2015. Other limits, such as the annual compensation limit under 401(a)(17), the limit used in the definition of highly compensated employee and the maximum annual contribution limit under Code Section 415, will not increase in 2016.

Retirement Plan Limits and Social Security Wage Base

	2016 Limits	2015 Limits
401(k)/403(b)/457(b) Elective Deferrals	\$18,000	\$18,000
Catch-Up Contribution (plans other than SIMPLE plans)	\$6,000	\$6,000
SIMPLE Plan Employee Deferrals	\$12,500	\$12,500
SIMPLE Plan Catch-Up Contributions	\$3,000	\$3,000
Plan Maximum Annual Contribution – Defined Contribution Plans (Section 415(c))	\$53,000	\$53,000
Maximum Annual Benefit – Defined Benefit Plans (Section 415(b))	\$210,000	\$210,000
Compensation Limit under Section 401(a)(17)	\$265,000	\$265,000
Highly Compensated Employee Definition under Section 414(q)	\$120,000	\$120,000
Key Employees Officer Compensation for Top-Heavy Plans	\$170,000	\$170,000
Maximum ESOP Account Balance Subject to 5-Year Distribution Period	\$1,070,000	\$1,070,000
Social Security (FICA) Wage Base	\$118,500	\$118,500

Health Savings Account and High Deductible Health Plan Limits

Earlier this year, the IRS announced the inflation-adjusted amounts for health savings account and high-deductible health plans for 2016, which reflect an increase from 2015 for certain limits.

Health Savings Accounts/HDHP Limits

	2016 Limits	2015 Limits
HSA Contribution -- Annual Contribution Limit		
Self-Only Coverage	\$3,350	\$3,350
Family Coverage	\$6,750	\$6,650
Catch-Up Contributions (age 55 or older)	\$1,000	\$1,000



	2016 Limits	2015 Limits
High Deductible Health Plan – Minimum Annual Deductible		
Self-Only Coverage	\$1,300	\$1,300
Family Coverage	\$2,600	\$2,600
High Deductible Health Plan – Maximum Out of Pocket Limit		
Self-Only Coverage	\$6,550	\$6,450
Family Coverage	\$13,100	\$12,900

Lori A. Basilico | 401-276-6475 | lori.basilico@lockelord.com



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