

IRS announces new retirement plan limitations for 2016



John M. Wirtshafter, Dale R. Vlasek | Thursday, October 22, 2015

On Oct. 21, 2015, the IRS announced cost of living adjustments affecting dollar limitations for pension plans and other retirement-related items for the 2016 tax year. The limits are based upon the Social Security cost-of-living increases. For the third time in the last 40 years (all three having occurred in the last six years) there will be no cost of living adjustment increase. As such, while some applicable IRS limits will be rising in 2016, all of the following retirement plan limitations will remain the same as those in place for the 2015 tax year.

2016 Retirement Plan Limits	2015	2016
401(k), 403(b) and 457(b) Deferral Limits	\$18,000	\$18,000
401(k) and 403(b) Catch-up Deferral Limits	\$6,000	\$6,000
Annual Limitation on Compensation	\$265,000	\$265,000
Defined Contribution Limitation	\$53,000	\$53,000
Defined Benefit Limitation	\$210,000	\$210,000
Highly Compensated Employee Compensation Threshold	\$120,000	\$120,000
Key Employee Compensation - Officer Threshold	\$170,000	\$170,000
SIMPLE Deduction	\$12,500	\$12,500
SIMPLE Catch-Up Contribution	\$3,000	\$3,000

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IRA Contribution Limit	\$5,500	\$5,500
IRA Catch-Up Contribution Limit	\$1,000	\$1,000
Social Security Wage Base	\$118,500	\$118,500

For more information, please contact one of the attorneys listed below.



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