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## 2016 Benefit Limits

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### Services

Employee Benefits; Health & Welfare Plans; Retirement Income Plans

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## Retirement Plan Limits

The IRS updated very few of the retirement plan limits effective for the plan year that begins on or after January 1, 2016. A comparison of the 2016 and 2015 limits is listed below.

|                                                                                                      | 2015        | 2016        |
|------------------------------------------------------------------------------------------------------|-------------|-------------|
| Maximum Elective Deferrals to §401(k), §403(b), and §457(b) Plans                                    | \$18,000    | \$18,000    |
| Maximum Catch-up Elective Deferrals to Plans other than SIMPLE Plans (age 50 by the end of the year) | \$6,000     | \$6,000     |
| Section 415 Limits                                                                                   |             |             |
| - Defined Contribution Plan Annual Addition Maximum                                                  | \$53,000    | \$53,000    |
| - Defined Benefit Plan Dollar Maximum                                                                | \$210,000   | \$210,000   |
| Annual Compensation Limit under §§401(a)(17), 404(l) and 408(k)                                      | \$265,000   | \$265,000   |
| §414(q) Highly Compensated Employee definition                                                       | \$120,000   | \$120,000   |
| §416(i) Top-Heavy Compensation – Used to determine officers as key employees                         | \$170,000   | \$170,000   |
| §409(o) Maximum ESOP Account Balance Subject to 5-Year Distribution Period                           | \$1,070,000 | \$1,070,000 |
| ESOP Amount Used to Determine Extensions of the 5-Year Distribution Period                           | \$210,000   | \$210,000   |
| §408A Maximum Roth IRA Contribution (AGI Limit)                                                      |             |             |
| Married Filing Joint Return or Qualifying Widower                                                    | \$183,000   | \$184,000   |
| All other Taxpayers (other than married filing separately)                                           | \$116,000   | \$117,000   |

## Social Security Tax and Wage Base

For calendar year 2016, the Social Security taxable wage base remains the same at \$118,500.

## Medicare Tax

The regular Medicare tax rate of 1.45% remains unchanged and applies to all income without a limitation for both the employee and employer portion. The Affordable Care Act additional Medicare tax of 0.9% remains unchanged. The additional Medicare tax applies to wages, other compensation, and self-employment income over certain dollar thresholds (\$200,000 for single and \$250,000 for married filing jointly). The additional Medicare tax only applies to the employee and not the employer. IRS regulations require an employer to withhold the additional Medicare tax on wages or compensation it pays to an employee in excess of \$200,000 in a calendar year.

## Health and Fringe Benefit Plan Limits

Updated health and fringe benefit plan adjustments also apply for the 2016 calendar year. A comparison of the 2016 and 2015 limits is listed below.

|                                                                        | 2015      | 2016      |
|------------------------------------------------------------------------|-----------|-----------|
| <b>Health Savings Accounts – HDHP Limits (§223(c)(2)(A))</b>           |           |           |
| HDHP Minimum Annual Deductible – Self Only                             | \$1,300   | \$1,300   |
| HDHP Minimum Annual Deductible – Family                                | \$2,600   | \$2,600   |
| HDHP Out-of-Pocket Maximum – Self Only                                 | \$6,450   | \$6,550   |
| HDHP Out-of-Pocket Maximum – Family                                    | \$12,900  | \$13,100  |
| <b>Health Savings Accounts – Maximum Contribution Limits (§223(b))</b> |           |           |
| Self Only                                                              | \$3,350   | \$3,350   |
| Family                                                                 | \$6,650   | \$6,750   |
| Catch-Up Contributions (age 55 by the end of the year)                 | \$1,000   | \$1,000   |
| <b>Out-of-Pocket Maximum – PHSA §2707(b) Limits</b>                    |           |           |
| Self Only                                                              | \$6,600   | \$6,850   |
| Embedded Individual Max within Family Coverage                         | N/A       | \$6,850   |
| Family                                                                 | \$13,200  | \$13,700  |
| <b>Transportation Fringe Benefits – Monthly Limits (§132(f)(2))</b>    |           |           |
| Parking                                                                | \$250     | \$255     |
| Transit Passes and Vanpooling (combined)*                              | \$250     | \$255     |
| <b>Health FSA Contribution Limit (§125(i))</b>                         | \$2,550   | \$2,550   |
| <b>Employer Adoption Assistance Exclusion (§137)</b>                   |           |           |
| Maximum Gross Income Exclusion                                         | \$13,400  | \$13,460  |
| Maximum AGI Limit (after which exclusion phases out)                   | \$201,010 | \$201,920 |

\*In December 2015, Congress passed H.R. 2029. Section 105 of H.R. 2029 provides true parity for transit passes retroactive to the beginning of the 2015 calendar year. As opposed to previous parity laws, the current parity provisions do not expire.

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