

## 2016 IRS Limits for Retirement Plans Generally Remain Unchanged

On October 21, 2015, the IRS [announced](#) cost of living adjustments to the qualified plan dollar limits for 2016. Most of these limits did not increase for 2016 because the increase in the cost of living index did not meet the statutory thresholds that trigger an adjustment. Below is a summary of the adjustments to the limits generally relevant for most retirement plans.

- The elective deferral limit for 401(k), 403(b) and eligible 457 (b) plans remains unchanged at \$18,000.
- The catch-up contribution limit for those age 50 or older also remains unchanged at \$6,000.
- The dollar limit on the annual benefit under a defined benefit plan remains the same at \$210,000.
- The dollar limit on annual allocations under a defined contribution plan remains unchanged at \$53,000.
- The annual compensation limit stayed at \$265,000.
- The annual compensation limit for eligible participants in certain governmental plans that, as of July 1, 1993, allowed for cost of living adjustments to the annual compensation limit in effect at that time remains unchanged at \$395,000.
- The dollar threshold for highly compensated employee status used in performing various nondiscrimination tests did not increase and remains at \$120,000.
- The dollar threshold for key employee status for officers used in performing the top heavy test remains the same at \$170,000.

It has also been [announced](#) that the Social Security wage base will remain at \$118,500.

For more information, please contact:

**Judith W. Boyette**, Partner  
415-995-5115  
[jboyette@hansonbridgett.com](mailto:jboyette@hansonbridgett.com)

**Alison E. Wright**, Partner  
415-995-5083  
[awright@hansonbridgett.com](mailto:awright@hansonbridgett.com)

by *Judith W. Boyette & Alison E. Wright*

