



IRS Announces New 2016 Benefit Plan Limits

Each year the Internal Revenue Service (IRS) announces the new limits for various aspects of employee benefits plans, principally as a result of the increase in the applicable cost-of-living indexes. In general, most plan limitations will not change for 2016 because the increase in the cost-of-living index did not meet the statutory threshold that triggers their adjustment. The IRS announced the following limits and thresholds effective for plan years beginning in 2016.

2016 Pre-tax Limits Released

	2016	2015
Highly Compensated Salary Definition	\$120,000	\$120,000
Key Employee in Top-Heavy Plan Salary Definition	\$170,000	\$170,000
Maximum Pre-Tax Contribution Limits (401(k)/403(b), most 457 Plans)	\$18,000	\$18,000
Pre-Tax 401(k) Catch-up Limits (over age 50)	\$6,000	\$6,000
Catch-up Contribution SIMPLE 401(k) plans	\$3,000	\$3,000
Maximum Salary Deferral SIMPLE 401(k) plans	\$12,500	\$12,500
Minimum Compensation Amount SEPs	\$600	\$600
Maximum Compensation Amount (401(a) plans, 403(b) plans, SEPs)	\$265,000	\$265,000
Health Savings Accounts (HSA) Limits (employer + employee)	Individual—\$3,350 Family—\$6,750 Catch Up— \$1,000	Individual—\$3,350 Family—\$6,650 Catch Up— \$1,000
Maximum Out-of-Pocket HSA High Deductible Health Plan (HDHP)	Individual—\$ 6,550 Family— \$13,100	Individual—\$6,450 Family— \$12,900
Minimum Deductible HSA High Deductible Health Plan (HDHP)	Individual—\$1,300 Family— \$2,600	Individual—\$1,300 Family— \$2,600
Transportation Benefits	Parking – \$255 Transit – \$130	Parking – \$250 Transit – \$130
Medical Out-of-Pocket Expenses Flexible Spending Accounts (FSA)	\$2,550	\$2,550
Dependent Care Expenses Flexible Spending Accounts (FSA)	\$5,000	\$5,000
Social Security Taxable Wage Base	\$118,500	\$118,500

Next Steps for Employers:

1. **Note the 2016 IRS Benefit and IRA limits;** Employers should update their plan documents with the new IRS limits.



2. **Notify HR Knowledge** of all plan changes so we may capture these changes on your benefits-at-a-glance and other important documents by emailing benefitsupport@hrknowledge.com.

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