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## IRS Publishes 2016 Pension Plan Limitations

On October 21, the IRS announced that the cost-of-living adjustments applicable to certain dollar limitations for employee pension benefit plans for 2016 will not result in an increase in the limits. The resulting dollar limits are as follows:

- The annual benefit limit for defined benefit plans remains unchanged at \$210,000.
- The annual addition limit for defined contribution plans remains unchanged at \$53,000.
- The annual limit with respect to the exclusion for elective deferrals to a 401(k), 403(b) or 457 plan remains unchanged at \$18,000.
- The annual limit on annual contributions to an individual retirement arrangement (IRA) remains unchanged at \$5,500. The dollar limit for an additional catch-up contribution to an IRA for individuals aged 50 and over remains unchanged at \$1,000.
- The annual limit on compensation that can be taken into account under a qualified retirement plan remains unchanged at \$265,000.
- The dollar limit for defining key employees in a top-heavy plan remains unchanged at \$170,000.
- The dollar amount for determining the maximum account balance in an employee stock ownership plan (ESOP) subject to a five-year distribution period remains unchanged at \$1,070,000. The dollar amount used to determine the lengthening of the five-year distribution period remains unchanged at \$210,000.
- The dollar limit for catch-up contributions for 401(k) plans for individuals aged 50 and over remains unchanged at \$6,000. In addition, the dollar limit under SIMPLE plans and SIMPLE IRAs for catch-up contributions for participants who are aged 50 and over remains unchanged at \$3,000.
- The limitation used in the definition of a highly compensated employee remains unchanged at \$120,000.

A complete list of applicable pension plan limitations can be found [here](#).

If you have any questions about the cost-of-living adjustments or any other employee benefits or executive compensation matter, please contact a member of Day Pitney's Employee Benefits and Executive Compensation group.

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