

2016 Employer-Sponsored Retirement Plans Maximum Contribution and Benefit Limits: With Five-Year Historical Data

	2016	2015	2014	2013	2012
401(k), Individual 401(k), 403(b) and 457 Plans					
Elective Deferral Limit	\$18,000	\$18,000	\$17,500	\$17,500	\$17,000
Catch-Up Contribution Limit	\$6,000	\$6,000	\$5,500	\$5,500	\$5,500
Annual Addition (Contribution) Limit	\$53,000	\$53,000	\$52,000	\$51,000	\$50,000
SIMPLE and SEP IRAs					
SIMPLE IRA Elective Deferral Limit	\$12,500	\$12,500	\$12,000	\$12,000	\$11,500
SIMPLE IRA Catch-Up Contribution Limit	\$3,000	\$3,000	\$2,500	\$2,500	\$2,500
SEP IRA Annual Addition (Contribution) Limit	\$53,000	\$53,000	\$52,000	\$51,000	\$50,000
SEP IRA Coverage Limit	\$600	\$600	\$550	\$550	\$550
Other Limits					
Annual Compensation Limit	\$265,000	\$265,000	\$260,000	\$255,000	\$250,000
Highly Compensated Employee Threshold	\$120,000	\$120,000	\$115,000	\$115,000	\$115,000
Annual Benefit Limit	\$210,000	\$210,000	\$210,000	\$205,000	\$200,000
Income Subject to Social Security	\$118,500	\$118,500	\$117,000	\$113,700	\$110,100

Source: Based on Internal Revenue Service Data, October 2015

- **Elective Deferral Limit:** The maximum annual pre-tax contribution a participant can make to a 401(k), Individual 401(k), 403(b) or 457 government plan, also known as the Internal Revenue Code (IRC) 402(g) limit. Participants must aggregate all 401(k) and 403(b) plan contributions from all plans in which they have participated to determine whether they have met this annual limit.
- **Catch-Up Contribution Limit for 401(k), Individual 401(k), 403(b) and 457 Plans:** Participants who are age 50 or over in the year of contribution can make catch-up pre-tax contributions in addition to Elective Deferrals. Catch-up contributions are not considered in non-discrimination testing.
- **Annual Addition (Contribution) Limit:** The total maximum annual contribution and allocated forfeiture that can be added in a plan year to a participant's employee pre-tax, employer matching and employer profit-sharing accounts (also known as the IRC 415 limit). The Annual Addition Limit for 401(k), Individual 401(k), profit-sharing and money purchase plans is the lesser of 100% of compensation and this maximum amount.
- **SIMPLE IRA Elective Deferral Limit:** The maximum annual pre-tax contribution that can be made to a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA). Offered for businesses with 100 or fewer employees at the beginning of a calendar year, SIMPLE IRA plans require employers to make either matching or non-elective contributions.
- **SIMPLE IRA Catch-Up Contribution Limit:** Participants who are age 50 or over in the year of contribution can make catch-up pre-tax contributions to SIMPLE IRAs in addition to Elective Deferrals.
- **SEP IRA Annual Addition (Contribution) Limit:** The total maximum annual contribution and allocated forfeiture that can be added in a plan year to a participant's employee pre-tax, employer matching and employer profit-sharing accounts (also known as the IRC 415 limit). The Annual Addition Limit for SEP IRAs is the lesser of 25% of compensation and this maximum amount.
- **SEP IRA Coverage Limit:** The minimum earnings for a self-employed individual to qualify for coverage in a Simplified Employee Pension IRA (SEP IRA)—an IRA to which the employer makes tax-deductible contributions to eligible employees.
- **Annual Compensation Limit:** The maximum compensation that can be considered in calculating defined contribution profit-sharing, money purchase plan and SEP IRA allocations, defined benefit plan accruals, and in performing certain nondiscrimination tests.
- **Highly Compensated Employee Threshold:** The minimum compensation used to determine highly compensated employees for purposes of nondiscrimination testing.
- **Annual Benefit Limit:** The maximum annual benefit under a defined benefit plan that can be paid to a participant. The limit applied is the lesser of this limit and the average compensation over the three consecutive calendar years during which the participant had the greatest aggregate compensation.
- **Income Subject to Social Security:** The amount from which Federal Insurance Contribution Act (FICA) taxes are deducted.

This chart provides general information and is not intended as tax or legal advice. The rules governing contribution limits are complex, and you should consult with your plan administrator to understand the limitations, rules and regulations that apply to your plan. The products and/or services described here are offered to you by your financial organization, not directly by Pershing LLC.

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