

2016 Key Numbers

The following 2 page excerpt features retirement planning key numbers for 2015-2016, and is extracted from the longer [2016 Key Numbers](#) document from Forefield Advisor, available to PFP/PFS members.

2016 Key Numbers gives you the most essential figures for busy season in one convenient document by providing key figures across several planning areas, including:

- Individual income tax planning,
- Investment planning,
- Education planning,
- Retirement planning,
- Government benefits,
- Business planning,
- Estate planning,
- Protection planning, and
- Federal income tax rate schedules for individuals, trusts and estates.

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Retirement Planning	2015	2016
Employee/individual contribution limits		
Elective deferral limits		
* 401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs ¹ (includes Roth 401(k) and Roth 403(b) contributions)	Lesser of \$18,000 or 100% of participant's compensation	Lesser of \$18,000 or 100% of participant's compensation
* SIMPLE 401(k) plans and SIMPLE IRA plans ¹	Lesser of \$12,500 or 100% of participant's compensation	Lesser of \$12,500 or 100% of participant's compensation
IRA contribution limits		
* Traditional IRAs	Lesser of \$5,500 or 100% of earned income	Lesser of \$5,500 or 100% of earned income
* Roth IRAs	Lesser of \$5,500 or 100% of earned income	Lesser of \$5,500 or 100% of earned income
Additional "catch-up" limits (individuals age 50 or older)		
* 401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs ²	\$6,000	\$6,000
* SIMPLE 401(k) plans and SIMPLE IRA plans	\$3,000	\$3,010
* IRAs (traditional and Roth)	\$1,000	\$1,000
Employer contribution/benefit limits³		
Defined benefit plan limits		
* Annual contribution limit per participant	No predetermined limit. Contributions based on amount needed to fund promised benefits.	No predetermined limit. Contributions based on amount needed to fund promised benefits.
* Annual benefit limit per participant	Lesser of \$210,000 or 100% of average compensation for highest three consecutive years	Lesser of \$210,000 or 100% of average compensation for highest three consecutive years
Defined contribution plan limits (qualified plans, 403(b) plans, SEPs, and SIMPLE plans)		
* Annual addition limit per participant (employer contributions; employee pretax, after-tax, and Roth contributions; and forfeitures) (does not apply to SIMPLE IRA plans)	Lesser of \$53,000 or 100% (25% for SEP) of participant's compensation	Lesser of \$53,000 or 100% (25% for SEP) of participant's compensation
* Maximum tax-deductible employer contribution (not applicable to 403(b) plans)	25% of total compensation of employees covered under the plan (20% if self-employed) plus any employee pretax and Roth contributions; 100% for SIMPLE plans	25% of total compensation of employees covered under the plan (20% if self-employed) plus any employee pretax and Roth contributions; 100% for SIMPLE plans

Retirement Planning	2015	2016
Compensation limits/thresholds		
Retirement plan compensation limits		
* Maximum compensation per participant that can be used to calculate tax-deductible employer contribution (qualified plans and SEPs)	\$265,000	\$265,000
* Compensation threshold used to determine a highly compensated employee	\$120,000 (when 2015 is the look-back year)	\$120,000 (when 2016 is the look-back year)
* Compensation threshold used to determine a key employee in a top-heavy plan	\$1 for more-than-5% owners \$170,000 for officers \$150,000 for more-than-1% owners	\$1 for more-than-5% owners \$170,000 for officers \$150,000 for more-than-1% owners
* Compensation threshold used to determine a qualifying employee under a SIMPLE plan	\$5,000	\$5,000
* Compensation threshold used to determine a qualifying employee under a SEP plan	\$600	\$550
Traditional deductible IRA compensation limits		
* Income phase-out range for determining deductibility of traditional IRA contributions for taxpayers:		
1. Covered by an employer-sponsored plan and filing as:		
Single	\$61,000 - \$71,000	\$61,000 -
Married filing jointly	\$98,000 - \$118,000	\$98,000 - \$118,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000
2. Not covered by an employer-sponsored retirement plan, but filing joint return with a spouse who is covered by an employer-sponsored retirement plan	\$183,000 - \$193,000	\$184,000 - \$194,000
Roth IRA compensation limits		
* Income phaseout range for determining ability to fund Roth IRA for taxpayers filing as:		
Single	\$116,000 - \$131,000	\$117,000 - \$132,000
Married filing jointly	\$183,000 - \$193,000	\$184,000 - \$194,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000
* Annual income limit for determining ability to convert traditional IRA to Roth IRA	N/A	N/A

¹ Must aggregate employee contributions to all 401(k), 403(b), SAR-SEP, and SIMPLE plans of all employers. Contributions to 457(b) plans are not aggregated. For SAR-SEPs, the percentage limit is 25% of compensation reduced by elective deferrals (effectively, a 20% maximum contribution).

² Special catch-up limits may also apply to 403(b) and 457(b) plan participants.

³ Note: For self-employed individuals, compensation generally means earned income. This means that, for qualified plans, deductible contributions for a self-employed individual are limited to 20% of net earnings from self-employment (net profits minus self-employment tax deduction), and special rules apply in calculating the annual additions limit.