

2016 Retirement Plan Maximum Benefit and Contribution Limits*

Following is an overview of retirement plans and their maximum benefit and contribution limits. Use the table and definitions to help compare plan features and limits.

	2015	2016
Elective deferrals		
401(k), 403(b), Roth 401(k), Roth 403(b) and existing SAR-SEPs	\$18,000	\$18,000
SIMPLE plans	\$12,500	\$12,500
457(b)	\$18,000	\$18,000
Catch-up contributions		
401(k), 403(b), 457 and existing SAR-SEP	\$6,000	\$6,000
SIMPLE catch-up contributions	\$3,000	\$3,000
Annual contribution limit	\$53,000	\$53,000
Annual compensation limit	\$265,000	\$265,000
Highly compensated threshold	\$120,000	\$120,000
Top-heavy plan key employee compensation	\$170,000	\$170,000
Income subject to Social Security	\$118,500	\$118,500
SEP coverage	\$600	\$600
Annual defined benefit limit	\$210,000	\$210,000

For additional information, please see definitions on page 2.

* Subject to annual cost-of-living adjustments.

You can count on us

Choosing from the different types of defined contribution plans is an important decision for any business. Your Financial Advisor has the resources to help you match the right plan with your needs and objectives.

Elective deferral limit is the maximum contribution that can be deferred on a pretax basis to 401(k), 403(b), existing SAR-SEP plans, SIMPLE plans and 457(b) plans. Roth 401(k) and Roth 403(b) are governed by the same limits.

Annual contribution limit is the maximum contribution that can be made to a participant's account (IRC section 415). This limit is actually expressed as the lesser of the annual contribution limit (on the previous page) or 100% of the participant's compensation, applied to the combination of employee contributions, employer contributions and reallocated forfeitures to a participant's account.

In calculating allocations, a plan cannot consider any employee compensation in excess of the **annual compensation limit** [401(a)(17)]. This compensation limit is also imposed on defined benefit plan contribution calculations. In calculating certain nondiscrimination tests (such as the actual deferral percentage), a participant's compensation is limited to this amount for purposes of the calculations.

Highly compensated threshold [IRC section 414(q)(1)(B)] is the minimum compensation level defined to determine highly compensated employees for purposes of nondiscrimination testing.

Income subject to Social Security is the maximum taxable-wage base for calculating an individual's Social Security deduction.

SEP coverage limit is the minimum earnings level for defining a year of service in a Simplified Employee Pension plan (an individual retirement account to which an employer can make direct tax-deductible contributions).

Catch-up contributions allow eligible individuals age 50 or over to contribute above and beyond the annual contribution limit. Catch-up contributions are additional employee contributions funded in the same manner as elective deferrals. Special catch-up provision rules apply to 403(b) and 457 plans.

Annual defined benefit limit is the annual retirement payout from a defined benefit plan (or 100% of average pay for the high three years).

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