

The IRS Releases The Benefit Plan Limitations For 2016, Most Limits Remain The Same

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The Internal Revenue Service (IRS) recently announced the annual inflation adjustments for 2016 for qualified retirement plans, fringe benefits and health plans. This information may be found on the IRS' website and in Revenue Procedure 2015-53. It should be noted that though many of the limits remain the same, a few highlights of the changes include the following:

- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$184,000 and \$194,000, up from \$183,000 and \$193,000.
- The AGI phase-out range for taxpayers making contributions to a Roth IRA is \$184,000 to \$194,000 for married couples filing jointly, up from \$183,000 to \$193,000. For singles and heads of household, the income phase-out range is \$117,000 to \$132,000, up from \$116,000 to \$131,000.
- The monthly limitation regarding the fringe benefit exclusion amount for qualified parking is increased to \$255.
- The amount for the adoption credit or the amount excluded for adoption assistance allowed for an adoption of a child with special needs is increased to \$13,460.

As previously noted, many of the limits remained the same, such as:

- The annual dollar limit on employee contributions to employer-sponsored healthcare flexible spending arrangements (FSA) remains at \$2,550.
- The total monthly limitation for qualified transportation fringe benefits that may be excluded for transportation in a commuter highway vehicle and any

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transit pass remains at \$130.

- The elective deferral limit for employees who participate in 401(k), 403(b), and most 457 plans remains unchanged at \$18,000.
- The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), and most 457 plans also remains unchanged at \$6,000.