

The PRS Report

2016 Pension Plan Limits

The Internal Revenue Service and the Social Security Administration have recently announced the 2016 Pension Plan cost-of-living increases. For your convenience and reference, they are listed below, along with the 2015 limits, which are shown for comparison purposes. For the first time since the 2011 increases were announced, the amounts shown in both columns are the same, i.e., there is no cost-of-living increase for 2016 for these items.

Item	2016	2015
1. Maximum contribution to a 401(k) Plan	\$ 18,000	\$ 18,000
2. Additional 401(k) Plan Catch-Up Contribution (for participants age 50 and over)	6,000	6,000
3. Maximum Profit Sharing Plan contribution for a participant*	53,000	53,000
4. Maximum 401(k) and Profit Sharing Plan contributions for a participant age 50 or older*	59,000	59,000
5. Maximum Defined Benefit Pension Plan Benefit (Dollar Limit payable at ages 62 to 65)	210,000	210,000
6. Maximum compensation that can be used for Plan purposes	265,000	265,000
7. Highly Compensated Employee Compensation Threshold	120,000	120,000
8. Social Security Taxable Wage Base	118,500	118,500

* Please note that the defined benefit contribution may be higher than the maximum profit sharing and 401(k) amounts shown above. Please contact us if you want to contribute more than these amounts.

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THANK YOU

2016 Pension Plan Limits (continued)

Ordinarily, as part of the services we provide, we would automatically incorporate any applicable cost-of-living increases when we prepare your 2015 valuation. Obviously, since there are no cost-of-living changes, there are no automatic plan changes. Therefore, if you would like to change (either increase or decrease) your 2015 contribution, you should let us know as soon as possible. The earlier we know, the more alternatives that may be available. Do not hesitate to contact us if you have any questions. Let us know what you want.

Important Reminder for 401(k) Plan Sponsors



401(k) Plan Sponsors must give participants the opportunity to change their elections at least once a year. Therefore, it is a good idea to distribute election forms every December (for calendar-year plans) to all eligible employees whether they currently make 401(k) contributions to the Plan or not. Particularly for those employees currently not contributing to the Plan, it is important to get back a signed and completed election form showing the non-election choice. Plan Sponsors should keep these election forms on file. In case of a plan audit, not having election forms for a plan with either minimal participation or only owner participation will raise all sorts of red flags.

If a participant elects to make 401(k) contributions, you should coordinate the participant's election with your payroll provider and establish an account with the Trust for the participant's 401(k) contribution deducted from payroll. By non-highly compensated participants contributing more in 401(k), non-discrimination test results will improve, thereby possibly enabling the company to save money in employer contributions.

Data Packages Coming Soon

Just to remind you that we will begin uploading calendar year plan Data Packages to your ShareFile portal on January 4, 2016. You will receive a notification via email that the package is available. Please open up the Instructions to view your deadlines. The packages for non-Safe Harbor 401(k) Plans need to be returned to us by the end of January so that ADP testing can be done.



Thank You

A number of clients have complimented us on the quality of our services. If you are pleased with our services, please recommend us to your friends and associates. If you are unhappy with a service that we have provided, then it is important that you let us know so that we can correct the problem and improve our services. We look forward to your input, appreciate your referrals and welcome new clients.

Thank you for giving us the opportunity to provide services on your behalf. May 2016 be even better than 2015, and may you, your staff and your family enjoy a happy, healthy and prosperous 2016.



Pension Review Services
445 Broad Hollow Road Suite 8
Melville, NY 11747
Phone: (631) 465-0850 Fax: (631) 465-0855

www.pensionreviewservices.com
email: info@pensionreviewservices.com