



# 2016 ANNUAL LIMITS RELATING TO FINANCIAL PLANNING

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RETIREMENT PLANS	
Elective deferrals 401(k), 403(b), 457, and SARSEPs	\$18,000
Catch-up contribution	\$6,000
Defined contribution (§415(c)(1)(A))	\$53,000
Defined benefit (§415(b)(1)(A))	\$210,000
SIMPLE plan	\$12,500
SIMPLE catch-up contribution	\$3,000
Maximum includible compensation	\$265,000
Highly compensated employee	
Look back to 2015	\$120,000
Look back to 2016	\$120,000
Key employee (top-heavy plan)	>\$170,000
SEP participation limit	\$600
IRA or Roth IRA contribution limit	\$5,500
IRA or Roth IRA catch-up	\$1,000
IRA deduction phaseout for active participants	
Single	\$61,000-\$71,000
Married filing jointly	\$98,000-\$118,000
Married filing separately	\$0-\$10,000
Non-active participant married to active participant	\$184,000-\$194,000
Roth IRA phaseout	
Single	\$117,000-\$132,000
Married filing jointly	\$184,000-\$194,000

SOCIAL SECURITY	
SS wage base	\$118,500
FICA tax rate—employee <sup>3</sup>	7.65%
SECA tax rate—self-employed	15.3%
Earnings limitation:	
Below FRA (\$1 for \$2)	\$15,720
Persons reaching FRA (\$1 for \$3)	\$41,880
(Appplies only to earnings for months prior to attaining FRA)	
Social Security cost-of-living adjustment	0%
Quarter of coverage	\$1,260
Maximum benefit: worker retiring at FRA	\$2,639
Estimated average monthly benefit	\$1,341

SOCIAL SECURITY FRA			
Year of Birth	Social Security FRA	Year of Birth	Social Security FRA
1943–54	66	1958	66 and 8 months
1955	66 and 2 months	1959	66 and 10 months
1956	66 and 4 months	1960 and later	67
1957	66 and 6 months		

ESTATE AND GIFT TAX	
Annual gift tax exclusion	\$14,000
Estate & gift tax basic exclusion	\$5,450,000
Applicable credit amount	\$2,125,800
Generation skipping exemption	\$5,450,000
Maximum estate tax rate <sup>4</sup>	40%

MEDICARE	
Monthly premium:	
Part A <sup>1</sup>	\$411.00
Part B <sup>2</sup>	\$104.90
Part A:	
First 60 days—patient pays a deductible	\$1,288
Next 30 days—patient pays per day	\$322
Next 60 days (lifetime reserve days) patient pays per day	\$644
Skilled nursing benefits	
First 20 days—patient pays per day	-0-
Next 80 days—patient pays per day	\$161
Over 100 days—patient pays per day	All costs
Part B:	
Deductible	\$166
Coinsurance	20%
Part D (Prescription Standard Benefit Model):	
Deductible	\$360
25% coinsurance on next	\$3,310
Out-of-pocket (OOP) threshold	\$4,850
Beneficiary then pays coinsurance amount for additional covered expenses.	

2016 MEDICARE PART B PREMIUM RATES:			
YOU PAY		If your 2014 Income was:	
Premium	PART D Surcharge	SINGLE	MARRIED COUPLE
\$104.90 Hold Harmless		\$85,000 or less	\$170,000 or less
\$121.80-not Hold Harmless		\$85,000 or less	\$170,000 or less
\$170.50	\$12.70	\$85,001–\$107,000	\$170,001–\$214,000
\$243.60	\$32.80	\$107,001–\$160,000	\$214,001–\$320,000
\$316.70	\$52.80	\$160,001–\$214,000	\$320,001–\$428,000
\$389.80	\$72.90	Above \$214,000	Above \$428,000
YOU PAY	PART D Surcharge	If you are married filing separately and your 2014 income was:	
\$121.80		\$85,000 or less	
\$316.70	\$52.80	\$85,001–\$129,000	
\$389.80	\$72.90	Above \$129,000	

- The Part A premium of \$411 per month applies to persons who have fewer than 30 quarters of coverage under Social Security. For those having 30-39 quarters, the Part A Premium is \$226 per month.
- 2016 Medicare Part B premium did not change for those under the "hold harmless" provision. Beneficiaries not subject to the "hold harmless" provision includes persons not receiving Social Security, those who enroll in Part B for the first time in 2016, dual eligible beneficiaries who have their premiums paid by Medicaid, and beneficiaries who pay an additional income-related premium. See Premium rates (Figure 1)
- The FICA tax rate is comprised of two separate payroll taxes: Employer portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI); Employee portion—6.20% for Old-Age, Survivors, and Disability Insurance (OASDI), and 1.45% for Hospital Insurance (HI). For self-employeds, the SECA is 12.40% for OASDI and 2.90% for HI.
- A deceased spouse's unused credit amount is portable to a surviving spouse.

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STANDARD MILEAGE RATES	
Business use	54¢ per mile
Charitable use (not indexed)	14¢ per mile
Medical or moving use	19¢ per mile

MISCELLANEOUS ITEMS	
PBGC maximum monthly benefit (at age 65)	\$5,011.36
Archer Medical Savings Account	
Single high deductible	\$2,250-\$3,350
Family high deductible	\$4,450-\$6,700
Single out-of-pocket maximum	\$4,450
Family out-of-pocket maximum	\$8,150
LTC per diem limit	\$340
LTC premium as medical expense limitation	
Age 40 or under	\$390
Age 41-50	\$730
Age 51-60	\$1,460
Age 61-70	\$3,900
Age 71 or older	\$4,870
Qualified Transportation Fringes (monthly)	
Commuter highway vehicle/transit pass	\$255
Qualified parking	\$255
Qualified Longevity Annuity Contract	Max \$125,000
Health Care Flexible Spending Account	Max \$2,550

2016 TAX RATE SCHEDULES				
If Taxable Income Is		Then the Gross Tax Payable Is:		
Over	But Not Over	Amount	Plus (percent)	Of the Amount Over
<b>SINGLE TAXPAYERS (other than surviving spouses and heads of households)</b>				
\$0	\$9,275	----- 10% of taxable income -----		
9,275	37,650	\$927.50	15%	\$9,275
37,650	91,150	5,183.75	25%	37,650
91,150	190,150	18,558.75	28%	91,150
190,150	413,350	46,278.75	33%	190,150
413,350	415,050	119,934.75	35%	413,350
415,050	--	120,529.75	39.6%	415,050
<b>HEADS OF HOUSEHOLDS</b>				
\$0	\$13,250	----- 10% of taxable income -----		
13,250	50,400	\$1,325.00	15%	\$13,250
50,400	130,150	6,897.50	25%	50,400
130,150	210,800	26,835.00	28%	130,150
210,800	413,350	49,417.00	33%	210,800
413,350	441,000	116,258.50	35%	413,350
441,000	--	125,936.00	39.6%	441,000
<b>MARRIED INDIVIDUALS (and surviving spouses) FILING JOINT RETURNS</b>				
\$0	\$18,550	----- 10% of taxable income -----		
18,550	75,300	\$1,855.00	15%	\$18,550
75,300	151,900	10,367.50	25%	75,300
151,900	231,450	29,517.50	28%	151,900
231,450	413,350	51,791.50	33%	231,450
413,350	466,950	111,818.50	35%	413,350
466,950	--	130,578.50	39.6%	466,950
<b>MARRIED INDIVIDUALS FILING SEPARATE RETURNS</b>				
\$0	\$9,275	----- 10% of taxable income -----		
9,275	37,650	\$927.50	15%	\$9,275
37,650	75,950	5,183.75	25%	37,650
75,950	115,725	14,758.75	28%	75,950
115,725	206,675	25,895.75	33%	115,725
206,675	233,475	55,909.25	35%	206,675
233,475	--	65,289.25	39.6%	233,475
<b>FIDUCIARY (estates and trusts) TAXPAYERS</b>				
\$0	\$2,550	----- 15% of taxable income -----		
2,550	5,950	\$382.50	25%	\$2,550
5,950	9,050	1,232.50	28%	5,950
9,050	12,400	2,100.50	33%	9,050
12,400	--	3,206.00	39.6%	12,400

HEALTH SAVINGS ACCOUNT	
Minimum Deductible Amount	
Single	\$1,300
Family	\$2,600
Maximum Out-of-Pocket Amount	
Single	\$6,550
Family	\$13,100
HSA Statutory Contribution Maximum	
Single	\$3,350
Family	\$6,750
Catch-up contributions (age 55 or older)	\$1,000

EDUCATION	
EE bonds for education—exclusion phaseout	
Single	\$77,550-\$92,550
Married filing jointly	\$116,300-\$146,300
Coverdell Education Savings Account (\$2,000 limit) phaseout	
Single	\$95,000-\$110,000
Married filing jointly	\$190,000-\$220,000
Lifetime Learning Credit—20% of qualified expenses up to \$10,000	
Single	\$55,000-\$65,000
Married filing jointly	\$111,000-\$131,000
American Opportunity tax credit—Maximum of \$2,500	
100% up to \$2,000 of qualified expenses	
25% on next \$2,000—phaseout:	
Single	\$80,000-\$90,000
Married filing jointly	\$160,000-\$180,000
Education loan deduction (\$2,500) phaseout	
Unmarried	\$65,000-\$80,000
Married filing jointly	\$130,000-\$160,000
\$4,000 higher education expense deduction	
Unmarried AGI cutoff	\$65,000
Married filing jointly AGI cutoff	\$130,000
\$2,000 higher education expense deduction	
Unmarried AGI cutoff	\$80,000
Married filing jointly AGI cutoff	\$160,000

INCOME TAX EXEMPTIONS, DEDUCTIONS, & CREDITS	
Personal exemption	\$4,050
Personal exemption & itemized deduction phaseouts	
Single	\$259,400
Head of household	\$285,350
Married filing jointly	\$311,300
Standard deduction	
Single	\$6,300
Married filing jointly	\$12,600
Head of household	\$9,300
Married filing separately	\$6,300
Kiddie tax limited standard deduction	\$1,050
Individual eligible to be claimed as dependent—greater of \$1,050 or earned income plus \$350, not to exceed full standard deduction of \$6,300.	
Elderly or blind additional deduction	
Single	\$1,550
Married	\$1,250
Section 179	
Maximum election	\$500,000
Phaseout begins	\$2,000,000
Adoption credit (nonrefundable)	
Maximum	\$13,460
Phaseout	\$201,920-\$241,920

ALTERNATIVE MINIMUM TAX (AMT)	AMT RATES	
	Exemption	Phaseout
Single	\$53,900	\$119,700
Married filing jointly	\$83,800	\$159,700
Married filing separately	\$41,900	\$79,850
Trusts and estates	\$23,900	\$79,850

26% up to \$186,300 of AMT base  
28% over \$186,300 of AMT base



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