

# 2016 Annual Limits Relating to Financial Planning



AMERICAN RETIREMENT  
& Investment Strategies, LLC

## Traditional and Roth IRAs

Traditional and Roth IRA Contribution Limits	\$5,500
Traditional and Roth IRA Catch-up Contributions	\$1,000
IRA Deduction Phase-out for Active Participants	
Single	\$61,000 - \$71,000
Married Filing Jointly	\$98,000 - \$118,000
IRA Deduction Phase-out for Spousal Contributions	
Married Filing Jointly	\$184,000 - \$194,000
Roth IRA Contribution Phase-out	
Single	\$117,000 - \$132,000
Married Filing Jointly	\$184,000 - \$194,000

## Employer Retirement Plans

Elective deferrals for 401(k), 403(b), 457 and SAR-SEPs	\$18,000
401(k), 403(b), 457 and SAR-SEP Catch-Up Contribution	\$6,000
Defined Contribution Plan Limit	\$53,000
SEP IRA Contribution	\$53,000 up to 25%
Maximum Annual Defined Benefit Limit	\$210,000
SIMPLE IRA and SIMPLE 401 (k) Contribution	\$12,500
SIMPLE IRA and SIMPLE 401 (k) Catch-Up Contribution	\$3,000
SIMPLE Maximum Compensation (12,500 / 3%)	\$416,667
Maximum Includable Compensation	\$265,000
Highly Compensated Employee	\$120,000
Key Employee	> \$170,000
SEP Minimum Earnings Limit	\$600
IRS Mileage Rate (Business / Medical, Moving / Charitable purpose)	\$.54 / \$.19 / \$.14 per mile
Savers Credit (MAGI) [Maximum Credit is \$2,000 for couples, \$1,000 per individual]	
Joint (Max income \$61,000)	\$0 - \$36.5 K 50% Phase out 20%, 10% (up to \$61k)
Single (Max income \$30,500)	\$0 - \$18,250 K 50% Phase out 20%, 10% (up to \$30.5k)

## Education Funding Incentives

Coverdell Education Savings Account Annual Contribution Limit (Per Beneficiary)	\$2,000
Single	\$95,000 - \$110,000
Married filing jointly	\$190,000 - \$220,000
Phase outs of American Opportunity Tax Credit (Can be claimed for up to 4 years)	\$2,500 (\$2k 100%, next \$2k 25%)
Single	\$80,000 - \$90,000
Married filing jointly	\$160,000 - \$180,000
Phase out of exclusion for EE bonds (MAGI)	
Single	\$77,200 - \$92,550
Married filing jointly	\$115,750 - \$146,300
Phase outs of Lifetime Learning Tax Credits ( 20% of qualified expenses up to \$10k)	
Max. Credit \$2,000/return (Cannot take both credits in same year)	
Single	\$55,000 - \$65,000
Married filing jointly	\$111,000-\$130,000
Phase outs of Deductibility of Student Loan Interest (Maximum \$2,500)	
Married Filing Jointly	\$130,000 - \$160,000
Others	\$65,000 - \$80,000

*Compliments of your Financial Advisors – Joseph Grella CFP® and William D’Annibale  
For Information Purposes Only, seek tax advice from an independent tax advisor*

## 2016 Annual Limits (cont.)



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### Federal Estate and Gift Taxes

Annual Gift Tax Exclusion	\$14,000
Estate Tax Exclusion, Generation-Skipping Tax Exclusion, and Gift Tax Exclusion	\$5,450,000
Top Estate, Gift and GST Tax Rate	40% (Estate & Trusts Bene.)

### Federal Income Taxes

Personal exemption	\$4,050
Phase out of personal exemption	2% for every \$2,500 over same thresholds as deductions
Standard Deduction	
Single or Married filing separately	\$6,300
Married filing jointly	\$12,600
Elderly or blind additional deduction	
Single / Married filing jointly	\$1,550 / \$1,250
Phase out of Itemized Deductions (Single/MFJ)	3% over \$259,400 (single) or \$311,300 (married) up to 80%
Kiddie Tax Standard Deduction (Under Age 19 or 24 if a full time student)	\$1,050, Next \$1,050 is 10%
Capital Gains Tax	
10% and 15% Brackets	STG Ordinary Rate, LTG 0%
All Other Brackets	STG Ordinary Rate, LTG 15%, Over \$413.2k (s)/\$464.85k (mfj) 20%
Medicare Surtax	3.8% Income over \$200k (s)/\$250k (mfj)
Adoption Credit (maximum)	\$13.4k Phase-out \$201,920 - \$241,920
AMT Exemption	
Married Filing Jointly	\$83,800
Single	\$53,900

### Social Security

Taxable Wage Base (Soc. Sec. Maximum)	\$118,500
Social Security Tax Rate	
Old-Age, Survivors and Disability Insurance	12.40% Self-employed, 6.2% Employees
Hospital Insurance	2.9% Self-employed, 1.45% Employees
Medicare Surtax	0.9% Employees Income over \$200k (s)/\$250k (mfj)
Earnings limitations for Social Security Benefits	
Before Normal Retirement Age (\$1 in benefits withheld for every \$2 in earnings over limit)	\$15,720 (\$1,310/mn)
The Year the Individual Reaches Full Retirement Age (\$1 for every \$3 over limit)	\$41,880 (\$3,490/mn)
Income (in retirement) causing SS benefits to be taxed : Married Filing Jointly (50% / 85% Taxable)	\$32k MAGI / \$44k MAGI
Single (50% / 85%)	\$25k MAGI / \$34k MAGI
Cost of Living Adjustment	0.0%
Quarter of Coverage	\$1,260
Maximum benefit retiring at age 66	\$2,639/month [est. avg. benefit \$1341]

### Long Term Care Insurance & Health Savings Account (HSA)

Per Diem Daily Limit	\$340
Premium as a deductible medical expense limitation (Per person)	
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
HSA Contribution Maximum (Age 55 to 64 there is a catch-up of \$1000 - per married individual)	\$3,350 (Single) \$6,750 (Family)

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