

Alert

IRS Announces Increased Retirement Plan Dollar Limits for 2015

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The Internal Revenue Service has announced the cost-of-living adjustments affecting the dollar limitations for qualified retirement plans that will allow employees to increase their retirement savings for 2015. Employees will be able to defer up to \$18,000 into their qualified defined contribution plans, and an additional \$6,000 for those over the age of 50, for a combined total of \$24,000, up from \$23,000 in 2014. We have highlighted some of the new limits in the table below, comparing the new limits to the limits of the prior three years. The Consumer Price Index for all Urban Consumers is the benchmark used to determine if the limits increase. Many of the 2014 dollar limits will increase because the thresholds to trigger adjustments for 2015 have been met, as highlighted in bold in the chart below:

IRS Limits	Internal Revenue Code Section	2012	2013	2014	2015
Elective Deferral Limit for 401(k), 403(b) and 457(b) Plans	§ 402(g)(1) § 457(e)(15)	\$17,000	\$17,500	\$17,500	\$18,000
Catch-Up Contribution Limit for Age 50+	§ 414(v)(2)(B)(i)	\$5,500	\$5,500	\$5,500	\$6,000
Annual Compensation Limit for Qualified Plans	§ 401(a)(17), § 404(l), § 408(k)(3)(C)	\$250,000	\$255,000	\$260,000	\$265,000
Defined Contribution Plan Limit on Annual Additions	§ 415(c)(1)(A)	\$50,000	\$51,000	\$52,000	\$53,000
Highly Compensated Employee Limit	§ 414(q)(1)(B)	\$115,000	\$115,000	\$115,000	\$120,000
Defined Benefit Plan Maximum Annual Benefit	§ 415(b)(1)(A)	\$200,000	\$205,000	\$210,000	\$210,000
Key Employee Limit for Top Heavy Purposes	§ 416(i)(1)(A)(i)	\$165,000	\$165,500	\$170,000	\$170,000
Social Security Taxable Wage Base	OASDI	\$110,100	\$113,700	\$117,000	\$118,500

Employers and plan sponsors of qualified retirement plans should look to implement the new limits for 2015. We are available to advise you on updating your enrollment materials, summary plan descriptions, employee handbooks and other employee communications.

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If you have any questions about the new limits or any other employee benefit matters, please contact your attorney at Schulte Roth & Zabel or one of the authors.

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