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Dollar Limitations for 2015

Various retirement plan limits are subject to annual cost-of-living and/or statutory adjustments. Some of the limits for 2015 have increased. The change in plan-related limits is also always a reminder that the end of the year is fast approaching. Often, December 31 (or January 1) is a date by which certain actions relative to plans must be taken.

Some of the more commonly applicable limits for 2015 are as follows:

<u>Maximum Contribution to 401(k), Profit Sharing, and other Defined Contribution Plans</u>. **$53,000** (increased from $52,000).

<u>Pre-Tax 401(k), 403(b), and 457(b) Employee Contribution Limit</u>. **$18,000** (increased from $17,500).

<u>Age 50 Catch-up Contribution Limit</u>. **$6,000** (increased from $5,500).

<u>Maximum Annual Recognized Compensation Limit</u>. **$265,000** (increased from $260,000). To limit retirement plan accumulations for high paid employees, as well as to increase contributions for non-high paid employees, retirement plans generally may only recognize compensation up to this limit.

<u>Highly Compensated Employee ("HCE") Threshold</u>. **$120,000** (increased from $115,000). Under ERISA's nondiscrimination rules, the employee population is divided into two groups – the highly compensated employees and the nonhighly compensated employees. A highly compensated employee generally is an employee who owns more than 5% of the employer sponsoring the plan or whose compensation in the preceding year exceeds the dollar threshold.

<u>Defined Benefit Plan Limit</u>. **$210,000** (unchanged from 2014). In a defined benefit plan, the law limits the annual pension payable to the participant upon retirement (as opposed to limiting the annual additions going into a defined contribution plan). If you desire to possibly accumulate significant retirement benefits over and above the $53,000 annual defined contribution limit, a defined benefit plan should be explored.

<u>Social Security Taxable Wage Base</u>. **$118,500** (increased from $117,000). This figure affects the way in which employer contributions are allocated to participants under "integrated" plans.

For additional information or if you have questions, please contact Jeffery Mandell (jeff@erisalawgroup.com) or John C. Hughes (john@erisalawgroup.com) at 208-342-5522 or 866-ERISALAW.

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