

PUBLICATION

IRS Announces New Retirement Plan Limits for 2015

October 30, 2014

On October 23, 2014, in Information Release 2014-99 the IRS announced the retirement plan limits for 2015. A variety of dollar levels or limits apply to contributions which may be made or benefits which may be earned under employer-sponsored, tax-qualified retirement plans. These are expressed as dollar amounts and are applied for a variety of purposes. Many of the dollar limits are subject to annual change by the IRS, while others are set by statute and are not subject to change. The more widely applicable changes for 2015 are set out in the following table.

Limit	2014	2015	Comments
Employee pre-tax contributions to 401(k) or 403(b) plans.	\$17,500	\$18,000	This is a calendar year limit applicable to all plans in which the employee is a participant, other than a "457(b)" plan. "Catch-up" contributions by age 50+ individuals do not count against the limit. Lower limits apply to "SIMPLE" plans (see below). Pre-tax contributions to SIMPLE plans count against this limit.
Pre-tax catch-up contributions to a 401(k) or 403(b) plan.	\$5,500	\$6,000	This is a calendar year limit on pre-tax contributions by a participant who is at least age 50 by year-end. This is an aggregate limit for all plans other than a "457(b)" plan.
Employee pre-tax contribution to a 457(b) plan.	\$17,500	\$18,000	A 457(b) plan is a type of retirement plan maintained by certain tax-exempt employers. This calendar year limit is separate from the limit for 401(k) and 403(b) plans, so an individual who participates in both a 401(k) or 403(b) plan and a 457(b) plan could contribute up to \$18,000 to each plan in 2015.
Employee pre-tax catch-up contributions to a 457(b) plan.	\$5,500	\$6,000	This calendar year limit is separate from the catch-up contribution limit for 401(k) and 403(b) plans, so an individual who

			participates in both a 401(k) or 403(b) plan and a 457(b) plan could contribute up to \$6,000 to each plan in 2015.
Employee pre-tax contributions to a SIMPLE IRA or SIMPLE 401(k) plan.	\$12,000	\$12,500	This is a calendar year limit on total pre-tax contributions by each individual to all such plans. Any contribution to a regular 401(k) plan or 403(b) plan will count against this limit.
Limit on total annual additions (other than earnings) to a participant's account in a defined contribution plan.	\$52,000	\$53,000	This limit includes employer contributions, employee contributions, and forfeitures allocated to any individual's account in a year.
Defined benefit plan maximum annual benefit payable at normal retirement age.	\$210,000	\$210,000	This is the limit on annual benefits which may be paid as a straight life annuity at normal retirement age.
Maximum compensation	\$260,000	\$265,000	This is the limit on a participant's pay which can be taken into account for purposes of making deferral contributions and allocating employer contributions under a defined contribution plan or accruing benefits in a defined benefit plan. The limit also applies to pay for nondiscrimination testing purposes.
Key employee pay	\$170,000	\$170,000	This is the annual pay amount above which an officer of the employer is treated as a "key employee" for top-heavy plan purposes.
Highly compensated employee pay	\$115,000	\$120,000	This is the annual pay amount for the prior year above which an employee is treated as "highly compensated" for nondiscrimination purposes in the current year.
ESOP total benefit to extend five-year payout.	\$1,050,000	\$1,070,000	An ESOP may extend the normal five-year maximum involuntary payout period if the

			total vested benefit exceeds this level.
Dollar amount to extend ESOP five-year payout by one year.	\$210,000	\$210,000	The five-year ESOP payout period may be extended by one year for each multiple (or fraction), up to an additional five years.

If you would like to discuss any of these limits, or other limits which apply to employer-sponsored, tax-qualified retirement plans or other deferred compensation arrangements, please contact a member of the Firm's Tax Group.