

# 2015 Cost of Living Adjustments for Retirement Plans

By Keith A. Dropkin and Joy M. Napier-Joyce

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The Internal Revenue Service recently announced its cost-of-living adjustments applicable to dollar limitations for retirement plans and Social Security generally effective for Tax Year 2015 (see [IR-2014-99](#)). Most notably, the limitation on annual salary deferrals into a 401(k) plan will increase from \$17,500 to \$18,000. The dollar limits are as follows:

LIMIT	2014	2015
<b>401(k)/403(b) Elective Deferral Limit (IRC § 402(g))</b> The annual limit on an employee's elective deferrals to a 401(k) or 403(b) plan made through salary reduction.	\$17,500	\$18,000
<b>Government/Tax Exempt Deferral Limit (IRC § 457(e)(15))</b> The annual limit on an employee's elective deferrals concerning Section 457 deferred compensation plans of state and local governments and tax-exempt organizations.	\$17,500	\$18,000
<b>401(k)/403(b)/457 Catch-up Limit (IRC § 414(v)(2)(B)(i))</b> In addition to the regular limit on elective deferrals described above, employees over the age of 50 generally can make an additional "catch-up" contribution not to exceed this limit.	\$5,500	\$6,000
<b>Defined Contribution Plan Limit (IRC § 415(c))</b> The limitation for annual contributions to a defined contribution plan (such as a 401(k) plan or profit sharing plan).	\$52,000	\$53,000
<b>Defined Benefit Plan Limit (IRC § 415(b))</b> The limitation on the annual benefits from a defined benefit plan.	\$260,000 (\$385,000 for certain gov't plans)	\$265,000 (\$395,000 for certain gov't plans)
<b>Highly Compensated Employee Threshold (IRC § 414(q))</b> The definition of an HCE includes a compensation threshold for the <i>prior year</i> . A retirement plan's discrimination testing is based on coverage and benefits for HCEs.	\$115,000 (for 2015 HCE determination)	\$120,000 (for 2016 HCE determination)
<b>Key Employee Compensation Threshold (IRC § 416)</b> The definition of a key employee includes a compensation threshold. Key employees must be determined for purposes of applying the top-heavy rules. Generally, a plan is top-heavy if the plan benefits of key employees exceed 60% of the aggregate plan benefits of all employees.	\$170,000	\$170,000
<b>SEP Minimum Compensation Limit (IRC § 408(k)(2)(C))</b> The mandatory participation requirements for a simplified employee pension (SEP) includes this minimum compensation threshold.	\$550	\$600

## Meet the Authors



Keith A. Dropkin

Principal  
New York Metro  
White Plains 914-872-8060  
Email



Joy M. Napier-Joyce

Principal  
Baltimore 410-415-2028  
Email

## Practices

Employee Benefits

<b>SIMPLE Employee Contribution (IRC § 408(p)(2)(E))</b>		
The limitation on deferrals to a SIMPLE retirement account.	\$12,000	\$12,500
<b>SIMPLE Catch-up Limit (IRC § 414(v)(2)(B)(ii))</b>		
The maximum amount of catch-up contributions that individuals age 50 or over may make to a SIMPLE retirement account or SIMPLE 401(k) plan.	\$2,500	\$3,000
<b>Social Security Taxable Wage Base</b>	\$117,000	\$118,500

For more information on this or other workplace developments, please contact the Jackson Lewis attorney with whom you regularly work.

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