

February 12, 2014 www.mcvpr.com**EMPLOYEE BENEFITS ALERT*****PR Treasury Announces 2014 Dollar Limitations for Qualified Retirement Plans***

On February 3, 2014, the Puerto Rico Treasury Department issued Circular Letter No.14-01 ("CL 14-01") notifying the cost-of-living adjustments announced by the US Internal Revenue Service ("IRS") in IRS News Release 2013-86 that will apply to retirement plans qualified under the provisions of Section 1081.01 of the Puerto Rico Internal Revenue Code of 2011, as amended (the "PR Code").

The limitations are effective for the taxable year beginning on or after January 1, 2014, as follows:

- The limitation under PR Code Section 1081.01(a)(11)(A)(i) on the annual benefit under a defined benefit plan is increased from \$205,000 to \$210,000.
- The limitation under PR Code Section 1081.01(a)(11)(B)(i) on annual additions to a participant's account under a defined contribution plan is increased from \$51,000 to \$52,000.
- The annual compensation limit under PR Code Section 1081.01(a)(12) is increased from \$255,000 to \$260,000.
- The dollar threshold under PR Code Section 1081.01(d)(3)(E)(iii)(IV) for determining who is a highly compensated employee remains unchanged at \$115,000.
- The limitation under PR Code Section 1081.01(d)(7)(A)(ii) on the exclusion for elective deferrals for participants in a dual-qualified retirement plan, as well as for employees of the federal government, remains unchanged at \$17,500.
- The limit on catch-up contributions under PR Code Section 1081.01(d)(7)(C)(v) for employees of the federal government remains unchanged at \$5,500.
- The limitation on cash or deferred contributions under PR Code Section 1081.01(d)(7)(A)(i) for participants of Puerto Rico only qualified retirement plans remains unchanged at \$15,000.
- The limitation on voluntary contributions under PR Code Section 1081.01(a)(15) remains at 10% of employee aggregate compensation for all years that is a participant.

A copy of CL 14-01 is available [here](#).

If you have any questions or would like our assistance regarding this matter, you may contact any of the following members of our Employee Benefits Practice Team:

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