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EMPLOYEE BENEFITS ALERT

PR Treasury Announces 2015 Retirement Plan Limitations

On December 12, 2014, the Puerto Rico Treasury Department issued Circular Letter of Tax Policy No.14-05 ("CL TP 14-05") notifying the cost-of-living adjustments announced by the U.S. Internal Revenue Service ("IRS") for taxable year 2015 in IRS News Release 2014-99, which 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 following limitations are effective for the taxable year beginning on or after January 1, 2015:

- The limitation on the annual benefit under a defined benefit plan under PR Code Section 1081.01(a)(11)(A)(i) remains unchanged at \$210,000.
- The limitation on annual additions to a participant's account under a defined contribution plan under PR Code Section 1081.01(a)(11)(B)(i) is increased from \$52,000 to \$53,000.
- The annual compensation limit under PR Code Section 1081.01(a)(12) is increased from \$260,000 to \$265,000.
- The dollar limitation used in the definition of a highly compensated employee under PR Code Section 1081.01(d)(3)(E)(iii)(IV) is increased from \$115,000 to \$120,000.
- The elective deferral (contribution) limit under PR Code Section 1081.01(d)(7)(A)(ii) for an employee who participates in a dual-qualified retirement plan (a plan qualified under both the PR Code and the U.S. Internal Revenue Code of 1986, as amended) -if elected by the dual-qualified plan- , as well as for an employee who participates in a retirement plan sponsored by the federal government, is increased from \$17,500 to \$18,000.
- The limit on catch-up contributions under PR Code Section 1081.01(d)(7)(C)(v) for employees who participate in retirement plan sponsored by the federal government is increased from \$5,500 to \$6,000.
- The elective deferral (contribution) limit for a participant of a Puerto Rico-only qualified retirement plan under PR Code Section 1081.01(d)(7)(A)(i) remains unchanged at \$15,000.

- The limitation under PR Code Section 1081.01(d)(7)(C)(i) on catch-up contributions applicable to a participant in a retirement plan –other than a plan sponsored by the federal government- remains unchanged at \$1,500.
- The limitation on voluntary after-tax contributions under PR Code Section 1081.01(a)(15) remains unchanged at 10% of the participant’s aggregate compensation for all the years of participation in the retirement plan.

A copy of CL TP 14-05 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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