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2015 Benefit Limits

January 5, 2015

Retirement Plan Limits

The IRS updated the retirement plan limits effective for the plan year that begins on or after January 1, 2015. A comparison of the 2014 and 2015 limits is listed below.

	2014	2015
Maximum Elective Deferrals to §401(k), §403(b), and §457(b) Plans	\$17,500	\$18,000
Maximum Catch-up Elective Deferrals to Plans other than SIMPLE Plans (age 50 by the end of the year)	\$5,500	\$6,000
Section 415 Limits		
Defined Contribution Plan Annual Addition Maximum	\$52,000	\$53,000
Defined Benefit Plan Dollar Maximum	\$210,000	\$210,000
Annual Compensation Limit under §§401(a)(17), 404(l) and 408(k)	\$260,000	\$265,000
§414(q) Highly Compensated Employee definition	\$115,000	\$120,000
§416(i) Top-Heavy Compensation – Used to determine officers as key employees	\$170,000	\$170,000
§409(o) Maximum ESOP Account Balance Subject to 5-Year Distribution Period	\$1,050,000	\$1,070,000
ESOP Amount Used to Determine Extensions of the 5-Year Distribution Period	\$210,000	\$210,000
§408A Maximum Roth IRA Contribution (AGI Limit)		
Married Filing Joint Return or Qualifying Widower	\$181,000	\$183,000
All other Taxpayers (other than married filing separately)	\$114,000	\$116,000

Social Security Tax and Wage Base

For calendar year 2015, the Social Security taxable wage base increases to \$118,500 (up from \$117,000 in 2014).

Medicare Tax

The regular Medicare tax rate of 1.45% remains unchanged and applies to all income without a limitation for both the employee and employer portion. However, the Affordable Care Act included an additional Medicare tax of 0.9%. The additional Medicare tax applies to wages, other compensation, and self-employment income over certain dollar thresholds (\$200,000 for single and \$250,000 for married filing jointly). The additional Medicare tax only applies to the employee and not the employer. Final IRS regulations require an employer to withhold the additional Medicare tax on wages or compensation it pays to an employee in excess of \$200,000 in a calendar year.

Health and Fringe Benefit Plan Limits

Updated health and fringe benefit plan adjustments also apply for the 2015 calendar year. A comparison of the 2014 and 2015 limits is listed below.

	2014	2015
Health Savings Accounts – HDHP Limits (§223(c)(2)(A))		
HDHP Minimum Annual Deductible – Self Only	\$1,250	\$1,300
HDHP Minimum Annual Deductible – Family	\$2,500	\$2,600
HDHP Out-of-Pocket Maximum – Self Only	\$6,350	\$6,450
HDHP Out-of-Pocket Maximum – Family	\$12,700	\$12,900
Health Savings Accounts – Maximum Contribution Limits (§223(b))		
Self Only	\$3,300	\$3,350
Family	\$6,550	\$6,650
Catch-Up Contributions (age 55 by the end of the year)	\$1,000	\$1,000

	2014	2015
Out-of-Pocket Maximum – PHSA §2707(b) Limits		
Self Only	\$6,350	\$6,600
Family	\$12,700	\$13,200
Transportation Fringe Benefits – Monthly Limits (§132(f)(2))		
Parking	\$250	\$250
Transit Passes and Vanpooling (combined)*	\$130/\$250*	\$130
Health FSA Contribution Limit (§125(i))	\$2,500	\$2,550
Employer Adoption Assistance Exclusion (§137)		
Maximum Gross Income Exclusion	\$13,190	\$13,400
Maximum AGI Limit (after which exclusion phases out)	\$197,880	\$201,010

*The limit for transit passes was \$130 for 2014. However, in December 2014, Congress passed H.R. 5771, the Tax Increase Prevention Act of 2014, which retroactively increased the transit pass limit for calendar year 2014 to \$250. This increase does not apply to 2015.

For more information about these issues, please contact the author(s) of this Legal Alert or your existing firm contact. You can also follow us on our blog at www.KTSErisaCorner.com and @KTS_Benefits on Twitter.

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