Cooley

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Adjusted Limits

The Internal Revenue Service has announced the 2015 limits that affect the operation of tax-qualified retirement plans, including 401(k) plans, and certain other types of employee benefit plans, including deferred compensation plans that may be subject to Internal Revenue Code §409A. The amount by which the limits are adjusted each year is based on a cost of living index. Not all limits increase every year. Please see the accompanying table for the limits that are effective January 1, 2015, as well as a reference for comparison purposes to the 2014 limits, where different.

Social Security

The Social Security (OASDI) taxable wage base, which governs the amount of pay subject to Social Security tax withholding and affects plans that are "integrated" with Social Security, also is subject to adjustment annually. For 2015, the OASDI taxable wage base has been increased to $118,500.

ADJUSTED LIMITS

Provision	2015 Limit	*2014 Limit (where different)*
Maximum 401(k) Contributions	$18,000	*$17,500*
Maximum Compensation Limit	$265,000	*$260,000*
Highly Compensated Employees *Earning (in previous year) more than*	$120,000	*$115,000*
Key Employee Compensation Limit	$170,000	
Annual Contribution Limit for Defined Contribution Plans	$53,000	*$52,000*
Annual Benefit Limit for Defined Benefit Plans	$210,000	

SIMPLE Plan Limit	$12,500	*$12,000*
Age 50 and Older Catch-Up Contribution Limit		
All plans other than SIMPLE Plans	$6,000	*$5,500*
SIMPLE Plans	$3,000	*$2,500*
Annual Contribution Limit for Section 457 Deferred Compensation Plans (government and tax-exempt organizations)	$18,000	*$17,500*
ESOP:		
Maximum account balance subject to five-year distribution period	$1,070,000	*$1,050,000*
Each dollar amount of in excess of account balance that adds one year to distribution period	$210,000	
Simplified Employee Pension Plans (SEPs)		
Contributions must be made for employees earning at least	$600	*$550*
409A Minimum Specified Employee (Officer) Compensation Requirement	$170,000	
409A Involuntary Separation Pay Exception	$530,000	*$520,000*

If you have questions about this *Alert,* please contact a member of your Cooley team or one of the attorneys above from the Compensation & Benefits Group.

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