

# 401(k)ommuniqué<sup>®</sup>

Brought to you by Joan McDonagh,  
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## IRS Announces Cost of Living Adjustments for 2014

The IRS recently announced cost of living adjustments applicable to retirement plan limits for the 2014 tax year. Following are key limits impacting 401(k) plans.

401(k) Salary Deferral or 402(g) Limit (also applies to 403(b) and 457) = \$17,500 (no change from 2013)

401(k) Catch-Up Contribution Limit for Participants  $\geq$  Age 50 = \$5,500 (no change from 2013)

Annual Compensation or 401(a)(17) Limit = \$260,000 (\$255,000 in 2013)

Contribution or 415(c) Limit for Defined Contribution Plans = \$52,000 (\$51,000 in 2013)

Highly Compensated Employee Compensation Threshold = \$115,000 (no change from 2013)

Key Employee Compensation Threshold = \$170,000 (\$165,000 in 2013)

SIMPLE 401(k) Salary Deferral Limit = \$12,000 (no change from 2013)

SIMPLE 401(k) Catch-Up Contribution Limit for Participants  $\geq$  Age 50 = \$2,500 (no change from 2013)

IRA or Sect. 219 Contribution Limit (Roth or Traditional) = \$5,500 (no change from 2013)

IRA or Sect. 219 Catch-Up Limit if  $\geq$  Age 50 = \$1,000 (no change from 2013)

Social Security Maximum Taxable Wage Base = \$117,000 (\$113,700 in 2013)

Saver's Credit - AGI Limits (for married joint filers) = \$36,000 for a 50% credit (\$35,500 in 2013), \$39,000 for a 20% credit (\$38,500 in 2013) and \$60,000 for a 10% credit (\$59,000 in 2013). AGI limits for other types of filers were also increased.

Maximum ESOP Account Balance Used to Determine 5 Year Distribution Period = \$1,050,000 (\$1,035,000 in 2013). The amount used to determine lengthening of the period increased from \$205,000 to \$210,000.

For a complete listing of all changes to retirement plan limitations please see the IRS News Release, IR-2013-86, October 31, 2013.

*Nothing in this publication constitutes legal or tax advice upon which any third party may rely.*

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i ERISA § 404a-5

ii It should be noted that more frequent disclosure may be required in the event there is a mid-year change to plan-related information, or a change to individual or annual expenses, or if a new designated investment alternative is added to the fund lineup. The FAB also does not change the rules for the timing of updates to information that must be made available on a website.