
2015 Benefits Limits - Multiemployer Pension Reform Signed Into Law

By Kristi R. Gauthier, Edward C. Hammond / Dec 19, 2014

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By: [Edward C. Hammond](#)

	<u>2014</u>	<u>2015</u>
<u>SECTION 401(k) PLAN and SECTION 403(b) PLAN LIMITS</u>		
Aggregate Section 401(k) pre-tax and Roth salary deferrals by employees	\$17,500	\$18,000
Maximum Section 403(b) pre-tax and Roth contributions to tax-shelter annuities	\$17,500	\$18,000
Age 50 or older "catch-up" contribution dollar limit	\$5,500	\$6,000
<u>COMPENSATION LIMITS</u>		
Maximum annual includible compensation limit	\$260,000	\$265,000
<u>STATE/LOCAL AND TAX-EXEMPT SECTION 457 PLAN LIMITS</u>		
Maximum Section 457(e)(15) elective deferral dollar limit by employees	\$17,500	\$18,000
Age 50 or older "catch-up" contribution dollar limit (gov't)	\$5,500	\$6,000
<u>ANNUAL SECTION 415 DOLLAR LIMITS</u>		
Defined benefit maximum (Section 415(b))	\$210,000	\$210,000
Defined contribution maximum (Section 415(c))	\$52,000	\$53,000
<u>HIGHLY COMPENSATED EMPLOYEES</u>		
Compensation Limit (for look-back year)	\$115,000	\$120,000
<u>EMPLOYEE STOCK OWNERSHIP PLANS</u>		
Threshold amount for exception to five-year distribution requirement	\$1,050,000	\$1,070,000
Incremental amount for distribution beyond five years	\$210,000	\$210,000
<u>KEY EMPLOYEE IN TOP HEAVY PLAN</u>	\$170,000	\$170,000
<u>SIMPLIFIED EMPLOYEE PENSIONS (SEP's)</u>		

Compensation at which plan participation is mandatory	\$550	\$600
<u>SIMPLE PLANS</u>		
Deferral limit	\$12,000	\$12,500
Age 50 or older "catch-up" contributions	\$2,500	\$3,000
<u>PENSION BENEFIT GUARANTY CORPORATION</u>		
Maximum guaranteed monthly benefit at age 65 (single life)	\$4,943.18	\$5011.33
<u>SOCIAL SECURITY</u>		
Maximum taxable earnings subject to FICA tax:		
OASDI portion	\$117,000	\$118,500
Medicare portion	No limit	No limit
<u>HEALTH SAVINGS ACCOUNT ("HSA")</u>		
Maximum Annual Contribution limits:		
Single-	\$3,300	\$3,350
Family-	\$6,550	\$6,650
<u>FLEXIBLE SPENDING ACCOUNTS ("FSA")</u>		
Health FSA maximum annual employee contribution	\$2,500	\$2,550
Dependent Care FSA maximum (unless married filing separately)	\$5,000	\$5,000

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President Obama has signed into law the Multiemployer Pension Reform Act of 2014 which is intended to address the financial status of the multiemployer pension insurance programs. The Act contains many controversial provisions which take effect for plan years beginning after December 31, 2014. Some highlights of the Act include:

- Permanent extension of the Pension Protection Act of 2006 ("PPA") multiemployer plan critical and endangered status funding rules which were scheduled to expire at the end of 2014.
- Multiemployer plans in critical and declining status that satisfy certain criteria are permitted to apply for permission to reduce pension benefits to participants who are already in pay status, and reduce accrued benefits for participants not in pay status. The suspensions must be projected to allow the plan to remain solvent, and will not be permitted unless the plan sponsor has taken all reasonable measures to avoid insolvency. Plan Sponsors must apply to the Treasury Department for approval of such suspensions, and if approved, the suspension must then be voted on by plan participants. However, the Treasury Department can override such negative vote if it determines that the plan is a "systemically important plan" (defined as a plan which the PBGC projects will exceed \$1 billion in required financial assistance).
- Annual PBGC insurance premiums for multiemployer plans will increase from \$13 per participant to \$26 per participant in 2015, with cost of living increases in subsequent years.
- Extension of the availability of a plan partition to plans in critical and declining status.
- Granting greater authority to the PBGC for facilitating the merger between two or more multiemployer plans.
- Multiemployer funds must now disregard certain contribution surcharges when calculating an employer's withdrawal liability, reducing the liability for an employer if it withdraws from the plan at some point in the future.
- Expansion of the types of information that must be disclosed upon the written request of participants, beneficiaries, employee representatives and

contributing employers.

Employers participating in a multiemployer plan should work closely with their legal counsel to fully understand the impact of this sweeping piece of legislation. If you have any questions about the subject matter of this e-alert, please contact:

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