

**Tax & Employee Benefits Department
Notice to Clients and Friends**

Puerto Rico Treasury Department Notifies the 2022 Cost-of-Living Adjustments for Retirement Plans

As required by Section 1081.01(h) of the Puerto Rico Internal Revenue Code of 2011, as amended (the “PR Code”), the Puerto Rico Treasury Department (“PR Treasury”) recently issued Circular Letter of Internal Revenue No.22-01 (“CL IR”) with the applicable 2022 dollar limits for Puerto Rico qualified retirement plans, following the recent announcement by the Internal Revenue Service (“IRS”) in IRS Notice with respect to United States tax qualified retirement plans. The Puerto Rico limitations are generally applicable to tax qualified plans under Section 1081.01 of the PR Code. Some of the key limits for tax years 2021 and 2022 are as follows with changes highlighted in **yellow**:

	2021	2022
Annual Benefit Limitation for Defined Benefit Plans	\$230,000	\$245,000
Annual Contribution Limitation for Defined Contribution Plans	\$58,000	\$61,000
Annual Compensation Limit	\$290,000	\$305,000
Highly Compensated Employee Threshold	\$130,000 *	\$135,000 *
Elective Deferrals – <u>Puerto Rico Only</u> Qualified Plans	\$15,000	\$15,000
Catch-up Contribution – <u>PR and Dual Qualified</u> plans with cash or deferred arrangements	\$1,500	\$1,500
Elective Deferrals Limit – <u>Dual Qualified</u> Plans and <u>Federal</u> Government Thrift Savings Plan	\$19,500	\$20,000
Catch-up Contributions – <u>Federal</u> Government Thrift Savings Plan	\$6,500	\$6,500
Voluntary (<i>i.e.</i> , after-tax) Contribution Limitation	10% of Compensation since being plan participant	10% of Compensation since being plan participant

(*) This is the limit for the base year (2021 for year 2022 testing, and 2022 for 2023 testing) in the case of calendar year plans, as described in the principles in Circular Letter.

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