

**Taxes and Employee Benefits Department**

February 11, 2016

Notice to Clients and Friends

**Puerto Rico Treasury Department Notifies the 2016 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 recently issued Circular Letter of Tax Policy No. 15-16 with the applicable 2016 dollar limits for Puerto Rico qualified retirement plans, following the recent announcement by the Internal Revenue Service (“IRS”) in IRS News Release IR-2015-118 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. None of the key limits were changed; however, we include both of the 2016 and 2015 limits for your ready reference as follows:

	<b>2016</b>	<b>2015</b>
Annual Benefit Limitation for Defined Benefit Plans	\$210,000	\$210,000
Annual Contribution Limitation for Defined Contribution Plans	\$53,000	\$53,000
Annual Compensation Limit	\$265,000	\$265,000
Highly Compensated Employee Threshold	\$120,000	\$120,000
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	\$18,000	\$18,000
Catch-up Contributions – <u>Federal</u> Government Thrift Savings Plan	\$6,000	\$6,000
Voluntary ( <i>i.e.</i> , after-tax) Contribution Limitation	10% of Compensation since being plan participant	10% of Compensation since being plan participant

*This document has been prepared for information purposes only and is not intended as, and should not be relied upon as legal advice. If you have any questions or comments about the matters discussed in this notice, wish to obtain more information related thereto, or about its possible effect(s) on policy or operational matters, please contact us.*

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