

# FERRAIUOLI LLC

## Taxes and Employee Benefits

February 11, 2014

Notice to Clients and Friends

### **Puerto Rico Treasury Department Notifies the 2014 Cost-of-Living Adjustments for Retirement Plans**

As we had forecasted in our November 8, 2014 Notice to Clients and Friends, and 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 14-01 with the the applicable 2014 dollar limits for qualified retirement plans, following the recent announcement by the Internal Revenue Service (“IRS”) in IRS News Release IR-2013-86 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 2014 and 2013 are as follows with changes highlighted in **yellow**:

	<b>2014</b>	<b>2013</b>
Annual Benefit Limitation for Defined Benefit Plans	<b>\$210,000</b>	\$205,000
Annual Contribution Limitation for Defined Contribution Plans	<b>52,000</b>	51,000
Annual Compensation Limit	<b>260,000</b>	255,000
Highly Compensated Employee Threshold	115,000	115,000
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	17,500	17,500
Catch-up Contributions – <u>Federal</u> Government Thrift Savings Plan	5,500	5,500
Voluntary ( <i>i.e.</i> , after-tax) Contribution Limitation	10% of Compensation since being plan participant	10% of Compensation since being plan participant

*This 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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