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IRS Announces Pension Plan Limits for 2014

Every year the Internal Revenue Service publishes updated limits governing Qualified Retirement Plans. These statutory limits are adjusted by the Commissioner based on cost of living increases. Some limitations pension such as those governing 401(k) plans and IRAs will remain unchanged because the increase in the Consumer Price Index did not meet the statutory thresholds for their adjustment. However, other pension plan limitations will increase for 2014.

Qualified Plan Limits		2011	2012	2013	2014
401(k) and 403(b) Elective Deferral Limit	1	\$16,500	\$17,000	\$17,500	\$17,500
401(k) and 403(b)* Catch-up Contributions	2	\$5,500	\$5,500	\$5,500	\$5,500

*403(b) Plans: The "Traditional Catch-Up" requires 15 years of service and allows an additional \$3,000 per year. This catch-up must be used before the age 50 catch-up. Maximum lifetime limit: \$15,000.

Defined Benefit Plan Annual Benefit Dollar Limit		\$195,000	\$200,000	\$205,000	\$210,000
Defined Contribution Plan Maximum Contribution Dollar		\$49,000	\$50,000	\$51,000	\$52,000
Annual Compensation Limit	3	\$245,000	\$250,000	\$255,000	\$260,000
Highly Compensated Employee Income Limit	4	\$110,000	\$115,000	\$115,000	\$115,000
Key Employee Determination Limit		\$160,000	\$165,000	\$165,000	\$170,000
SIMPLE Retirement Plan Contribution Limit		\$11,500	\$11,500	\$12,000	\$12,000
Social Security Wage Base		\$106,800	\$110,100	\$113,700	\$117,000
Medicare Wage Base		No limit	No limit	No limit	No limit

1. Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit. A lower limit applies to SIMPLE plans.
2. Available to 401(k) and 403(b) plans employees age 50 or older during the calendar year. A lower limit applies to SIMPLE plans.
3. All Compensation from a single employer (including all members of a controlled group)
4. For 2014 plan year, an employee who earned more than \$115,000 in 2013 is a Highly Compensated Employee.

If you have any questions regarding how these limits affect the administration of your plan, please do not hesitate to contact us at any time.