
2015 employee benefit plan limitations, PBGC premium rates and Social Security and Medicare information

November 5, 2014

In brief

The IRS announced the 2015 inflation adjusted limits for qualified retirement plans — such as 401(k) plans, 403(b) plans, and defined benefit pension plans. These limits apply for purposes of determining maximum benefits as well as applying certain non-discrimination tests applicable to these plans. The IRS has also released the 2015 inflation adjusted limits for certain health accounts — such as healthcare flexible spending accounts (FSAs) which are generally offered to employees as part of a Code section 125 cafeteria plan, and health savings accounts (HSAs) which are generally paired with high deductible health plans.

The PBGC has released the 2015 adjusted premium rates for defined benefit plans as well as its maximum guaranteed benefits. The Social Security Administration has increased the taxable wage base for 2015 and has announced cost-of-living increases for benefits. The Department of Health and Human Services has increased the deductibles and premiums for both Part A and Part B of Medicare.

In detail

The following charts set forth some of the more significant limitations on employer plans for 2013, 2014 and 2015, as well as the tax rate and wage base used to compute FICA tax and Social Security benefits for those years, and Medicare cost-sharing information.

Employee Benefit Plan Limitations	2013	2014	2015
401(k) elective deferrals	\$ 17,500	\$ 17,500	\$ 18,000
403(b) salary reduction contributions	17,500	17,500	18,000
408(k) SEP elective deferrals	17,500	17,500	18,000
457 deferrals	17,500	17,500	18,000
Catch-up contributions to 401(k), 403(b), SEPs, and 457 plans	5,500	5,500	6,000
Elective contributions to SIMPLE plans	12,000	12,000	12,500
Catch-up contributions to SIMPLE plans	2,500	2,500	3,000
Annual limitation on compensation	255,000	260,000	265,000
Grandfathered limitation on compensation for governmental plans	380,000	385,000	395,000
Limitation on benefits under a defined benefit plan	205,000	210,000	210,000
Limitation on contributions to a defined contribution plan	51,000	52,000	53,000
Highly compensated employee limit	115,000	115,000	120,000
Key employee in top-heavy plan	165,000	170,000	170,000
Compensation limit for SEPs	550	550	600

Healthcare Flexible Spending Accounts (FSAs)	2013	2014	2015
	\$2,500	\$2,500	\$2,550

Health Savings Accounts (HSAs)	2013	2014	2015
Self-Only Coverage			
HDHP minimum annual deductible	\$ 1,250	\$ 1,250	\$ 1,300
HDHP maximum annual out-of-pocket limit	6,250	6,350	6,450
Maximum HSA contribution limit	3,250	3,300	3,350
Family Coverage			
HDHP minimum annual deductible	\$ 2,500	\$ 2,500	\$ 2,600
HDHP maximum annual out-of-pocket limit	12,500	12,700	12,900
Maximum HSA contribution limit	6,450	6,550	6,650

PBCG Premium Information	2013	2014	2015
Flat Rate Premium			
Single Employer Plans	\$42	\$49	\$57
Multiemployer Plans	\$12	\$12	\$13
Variable Rate Premium			
Per \$1,000 of unfunded vested benefits	\$9	\$14	\$24
Per participant cap (under MAP-21 legislation)	\$400	\$412	\$418
Maximum monthly guaranteed benefit at age 65	\$4,789.77	\$4,943.18	\$5,011.33

Medicare Information	2013	2014	2015
Part A inpatient hospital deductible	\$1,184	\$1,216	\$1,260
Part B deductible	\$147	\$147	\$147
Part B standard monthly premium	\$104.90	\$104.90	\$104.90

Social Security Information	2013	2014	2015
OASDI wage base	\$113,700	\$117,000	\$118,500
HI (Medicare) wage base	No limit	No limit	No limit
OASDI wage rate	6.2%	6.2%	6.2%
HI (Medicare) wage rate	1.45%	1.45%	1.45%
Additional Medicare tax on high-income employees*	0.9%	0.9%	0.9%
Cost-of-living adjustment for benefit payments	1.7%	1.5%	1.7%
Maximum annual benefit for person at NRA assuming no earnings during year he reaches NRA	\$30,396	\$31,704	\$31,956
Retirement earnings test exempt amounts**			
Lower Amount			
Annual	\$15,120	\$15,480	\$15,720
Monthly	1,260	1,290	1,310
Higher Amount			
Annual	\$40,080	\$41,400	\$41,880
Monthly	3,340	3,450	3,490

* Beginning in 2013, an additional 0.9% Medicare tax is imposed on employees with wages over \$200,000 (\$250,000 for married persons filing a joint return and \$125,000 for married persons filing separately). There is no employer match for the additional Medicare tax. The Medicare tax rate is 2.9% for self-employed individuals, with an additional 0.9% imposed on net self-employment earnings in excess of these threshold amounts.

** While the retirement earnings test was repealed for individuals above normal retirement age (NRA), (age 66 for those born between 1943 through 1954), Social Security continues to withhold benefits for individuals under NRA if earnings exceed the earnings test amount. One of two different limits applies depending on the year the individual attains NRA. The higher limit applies for the year in which an individual attains NRA, while the lower limit applies for individuals under NRA. Those under NRA will continue to lose \$1 of Social Security benefits for every \$2 earned in excess of the lower exempt amount. For the year in which an individual attains NRA, \$1 is withheld for every \$3 of earnings in excess of the higher exempt amount. Earnings in or after the month in which the individual attains NRA do not count toward the earnings test.

Let's talk

For more information about the 2015 inflation adjusted benefit plan limits and other cost-of-living increases, please contact our authors:

Kerry Eason, *Chicago*
(312) 298-2103
kerry.eason@us.pwc.com

Anne Waidmann, *Washington, DC*
(202) 414-1858
birgit.a.waidmann@us.pwc.com

or your regional Human Resource Services professional:

US Practice Leader
Scott Olsen, *New York*
(646) 471-0651
scott.n.olsen@us.pwc.com

Charlie Yovino, *Atlanta*
(678) 419-1330
charles.yovino@us.pwc.com

Craig O'Donnell, *Boston*
(617) 530-5400
craig.odonnell@us.pwc.com

Pat Meyer, *Chicago*
(312) 298-6229
patrick.meyer@us.pwc.com

Terry Richardson, *Dallas*
(214) 999-2549
terrance.f.richardson@us.pwc.com

Todd Hoffman, *Houston*
(713) 356-8440
todd.hoffman@us.pwc.com

Carrie Duarte, *Los Angeles*
(213) 356-6396
carrie.duarte@us.pwc.com

Ed Donovan, *New York Metro*
(646) 471-8855
ed.donovan@us.pwc.com

Bruce Clouser, *Philadelphia*
(267) 330-3194
bruce.e.clouser@us.pwc.com

Jim Dell, *San Francisco*
(415) 498-6090
jim.dell@us.pwc.com

Scott Pollak, *San Jose*
(408) 817-7446
scott.pollack@Saratoga.PwC.com

Nik Shah, *Washington Metro*
(703) 918-1208
nik.shah@us.pwc.com

© 2014 PricewaterhouseCoopers LLP. All rights reserved. In this document, PwC refers to PricewaterhouseCoopers (a Delaware limited liability partnership), which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

SOLICITATION

This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.