



Benefits Potluck: Updated Dollar Limits, Determination Letter Deadlines, and Suspension of HPID Requirement

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Updated Dollar Limits

The IRS recently announced updated dollar limits for employer-sponsored employee benefit plans. These changes take effect in 2015 and include increases in the following limits:

- the amount of annual compensation that may be taken into account for retirement plan contributions will increase to \$265,000 (previously \$260,000);
- the limit on elective deferrals will increase to \$18,000 (previously \$17,500);
- the limit on catch-up contributions will increase to \$6,000 (previously \$5,500);
- the defined contribution limit (from employer and employee sources) will increase to \$53,000 (previously \$52,000); and
- the limit used to define highly compensated employees for purposes of nondiscrimination testing will increase to \$120,000 (previously \$115,000).

In addition, the IRS announced that the annual dollar limit for health care flexible spending accounts will rise to \$2,550, up \$50 from the current amount for 2014.

Determination Letter Application Deadlines

The IRS recently reminded plan sponsors with (1) individually designed retirement plans whose EINs end in 4 or 9, and (2) multiemployer plans, to amend their plans for the 2013 cumulative list and apply for a determination letter. For plan sponsors that meet these criteria, the deadline for the filing of determination letter applications is January 31, 2015.

A favorable determination letter helps to preserve a plan's tax-qualified status allowing plan assets to grow tax-free and taxation on benefits to be deferred until those benefits are paid. It takes a significant amount of time to prepare plan restatements and determination letter application materials. Therefore, plan sponsors that are due to file by January 31, 2015 should turn to this immediately.

Suspension of HPID Requirement

Effective October 31, 2014, the division of the Department of Health & Human Services (HHS) that is responsible for enforcement of compliance with HIPAA standard transactions, announced a delay, until further notice, in the enforcement of the requirement that health plans obtain a Health Plan Identifier (HPID) in HIPAA transactions. This enforcement delay applies to all HIPAA covered entities, including healthcare providers, health plans, and healthcare clearinghouses and generously comes 5 days before the scheduled compliance deadline.

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