



## 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.

1 Min Read

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