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TO: Board of Trustees
UA Local 467 Pension Trust

From: Richard K. Grosboll, Trust Counsel

RE: 2015 IRS Benefit/Contribution Levels/Social Security Benefit Changes

Each year the IRS announces whether there are any changes to pension contribution and benefit limitations for the upcoming year. During 2012-2014, there were minor changes. The same applies to 2015. This memo provides a short summary of the rules (including for Plans other than this defined benefit plan) as well as information on Social Security and Medicare benefits.

Defined Benefit Plans. The maximum annual benefit that can be paid from a defined benefit pension plan at Normal Retirement Age increased from \$205,000 in 2013 to \$210,000 in 2014, or \$17,500 a month (these amounts decrease for early retirement payments). The amount remains the same in 2015. This is not, of course, an issue for your Plan and Participants.

Maximum Contribution to Defined Contribution Plans. The maximum amount that an Employer can contribute to a defined contribution plan on an employee's behalf increased from \$52,000 in 2014 to \$53,000 in 2015 (so long as that does not exceed 100% of the person's annual income).

Annual Income Taken Into Consideration for Pension Contributions/Highly Compensated. The maximum annual income that the IRS will take into consideration in determining the appropriate level of pension contributions was increased from \$260,000 in 2014 to \$265,000 in 2015. In addition, in evaluating the IRS discrimination tests for certain pension plans, highly compensated employees are those earning \$120,000 in 2015, up from \$115,000 in 2014. This, too, has little or no applicability to your Plan and Participants.

401k Plan Contribution Increases. For 401k Plans, during 2015 an employee will be able to defer up to \$18,000 each year, which represents a \$500 increase from the 2014 limit. (This maximum also applies to 403(b) and 457 Plans, which relate to non-profit and governmental

plans.) The IRS also increased the catch-up contribution amount by \$500, from \$5,500 to \$6,000 a year for individuals who are age 50 or older. Thus, the maximum annual deferral amounts for those age 50 and older is \$24,000 (\$18,000 plus \$6,000).

Individual Retirement Accounts. For Individual Retirement Accounts, the \$5,500 contribution limit remains the same in 2015 (\$6,500 if age 50 or older). The income phase-out for those who contribute to a Roth IRA is in the \$183,000-\$193,000 range. For single individuals/head of household, the range is \$116,000 to \$131,000.

Taxable Wage Base for Social Security. The taxable wage base (6.20%) for Social Security withholding increases from \$117,000 in 2014 to \$118,500 (up from \$113,700 in 2013 and \$110,100 in 2012). The \$1,500 increase, which constitutes a 1.3% increase, is due to an increase in average total wages. High wage earners are subject to an additional Medicare payroll tax of 0.9% of earnings above \$200,000 for single workers and \$250,000 for married workers filing jointly. There is no income limit for the 1.45 % withheld for Medicare.

Social Security Monthly Benefits. The maximum Social Security benefit for an individual retiring at full retirement age (age 66 this year) is \$2,642 a month in 2014 (up from \$2,533 in 2013 and \$2,513 in 2012). The average Social Security benefit is much smaller, having increased to \$1,294 as of December 2013. As a reminder, for those born during the 1943-1954 period, the Social Security Retirement age is 66. For those born in the 1955-1959 period, there is a gradual phase-in increased age between ages 66 and 67. Thereafter, for those born in 1960 and later, the Social Security Retirement Date is age 67. According to Social Security, there are 63 million Americans that receive Social Security payments.

Increased Social Security Benefit Payments. Social Security benefit checks will increase by 1.7% in 2015 (up from 1.5% in 2014, but the same as the 1.7% increase in 2013, but less than the 3.6% increase in 2012, but there were no increases in 2010 and 2011).

Medicare Part B Premiums. The Department of Health and Human Services announced that the 2015 Medicare Part B premiums and deductibles will remain the same as in the past two years. Thus, the premium will remain at \$104.90. (But, since 2007, beneficiaries with higher incomes pay higher Part B monthly premiums. These income-related monthly premium rates, which affect less than 5% of people with Medicare, also remained the same as they were in 2014 (a range from \$146.90 for those making up to \$107,000 annually to \$335.70 for those making greater than \$214 (\$228,000 if filing a joint tax return)) The deductible remains at \$147.

IRS MILEAGE REIMBURSEMENT RATE. The IRS has yet to establish the mileage reimbursement rate for 2015.

Please contact me if you have any questions.

cc: Judy Sargent, Fund Manager
Other Plan Advisors