LEGISLATIVE AND REGULATORY UPDATE

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LOUISVILLE, KENTUCKY
September 10, 2013

Medicare Part D limits and maximum retiree drug subsidy drop for 2014: Employers whose retiree prescription drug plans qualify for government reimbursement will see lower maximum subsidies in 2014: $1,691.20 per retiree, compared with $1,757.00 in 2013. Non-calendar-year plans must use the 2014 values for retiree drug subsidy attestations of actuarial equivalence submitted after May 31, 2013 (not April 16, as originally reported).**Press release detailing 2014 Medicare Part D and other adjustments (CMS, 1 Apr 2013) »**

Random alcohol tests did not violate the ADA, court says: Randomly testing new employees for alcohol did not violate Americans with Disabilities Act (ADA) restrictions on medical exams, a federal district court has ruled ***(EEOC v. US Steel, US District Court for Western Dist. Of PA, 2/20/13)***. It found the tests met an ADA exception for policies that are "job-related and consistent with business necessity," even though the employer had no reason to suspect any of the employees were drinking alcohol on the job or working under its influence. While the ruling is a victory for employers, they still must carefully evaluate the ADA risks of random testing policies. **Full text of EEOC Enforcement Guidance on Disability-Related Inquiries and Medical Examinations of Employees Under the Americans with Disabilities Act (27 Jul 2000) »**

More health data leaks will require action under final rules: Revised breach-notification rules take effect this fall for group health plan sponsors and other covered entities under the Health Insurance Portability and Accountability Act (HIPAA). Starting Sept. 23, any event involving improper access, use, or disclosure of individuals' personal health data triggers HIPAA breach notices, unless one of three exemptions applies. The rules include a new four-factor risk assessment for gauging the likelihood that an incident has compromised HIPAA-protected data.

Proposed IRS regulations address $500,000 cap on health insurers' pay deductions: Proposed IRS regulations implement Section 162(m)(6)'s $500,000 cap on deductible compensation paid to any officer, employee, director, or other service provider by "covered health insurance providers" and their controlled-group members. The cap, added by the ACA, applies to tax years beginning on or after Jan. 1, 2013, but can affect deductions for certain pay relating to post-2009 services. Comments are due July 1, 2013. Taxpayers may rely on the proposed regulations immediately. ***The proposed regulations were published in the 4/2/2013 Federal Register***.

PBGC proposes risk-based approach to reportable events: PBGC is proposing a risk-based approach in new reportable-event rules for defined benefit pension plans. PBGC predicts new safe-harbor tests for "financial soundness" and expanded waivers for small plans would exempt 90% of plans and sponsors from many reporting duties. Many employers may welcome this alternative to the agency's controversial 2009 proposal, while others may be concerned PBGC retains too much discretion to evaluate creditworthiness. The agency expects to finalize the regulations by year-end, after considering comments filed earlier this year and input from a June 18 hearing. **Full text of PBGC proposed regulations (Federal Register, 3 Apr 2013) »**

7th Circuit applies pro-fiduciary standard in ESOP 'stock drop' ruling: ESOP fiduciaries prudently decided to maintain a company stock fund when plan terms explicitly required offering the fund under any circumstances, the 7th US Circuit Court of Appeals has ruled. The court said participants can overcome a "presumption of prudence" for fiduciaries in stock-drop cases only by showing no reasonable fiduciary would have felt obligated to continue offering company stock. Allegations in this case failed to show fiduciaries' actions created an "excessive and unreasonable risk," given participants' freedom to choose alternative investment options. ***The case is White v. Marshall & Ilsley Corp. (7th Cir. 4/19/13)***.

Proposed ACA rules explain waiting-period limits for health plans: Proposed rules on the Affordable Care Act's 90-day cap on waiting periods for health coverage allow employers to begin planning for compliance by the plan year starting in 2014. Many of the proposals match 2012 guidance that will remain good through 2015. The rules explain how to track the 90-day limit and coordinate waiting periods with other eligibility conditions — including the measurement periods used for variable-hour employees under shared-responsibility rules. Other proposals would make conforming changes to HIPAA and external-review rules. **Full text of proposed ACA rules on waiting-period limit (Federal Register, 21 Mar 2013) »**

Few changes required for 2014 health plan summary of benefits and coverage: A new template is available to prepare summaries of benefits and coverage (SBCs) for health plans to use in 2014. The updated SBC template makes only two changes to the current one, adding items on whether the plan provides minimum essential coverage and minimum value meeting Affordable Care Act standards. Guidance on the SBC changes also extends the earlier enforcement relief through 2014. The good news for employers is that 2014 SBC preparation should not impose significant new burdens. **DOL/IRS/HHS frequently asked questions on updated SBCs (ACA FAQs set 14) (DOL, 23 Apr 2013) »**

ACA guidance answers affordability, minimum value questions; exchange applications issued: New IRS proposed rules address some unresolved ACA minimum value and affordability issues regarding employer-sponsored health plans. The proposal addresses treatment of HRAs, HSAs, and wellness incentives and includes transitional and safe harbor rules. And CMS has issued three model forms for individuals to use beginning Oct. 1, 2013, to apply for public health insurance exchange coverage and related subsidies. The version each individual will use will depend on his or her circumstances. The applications' content will help employers shape upcoming communications to employees. ***The proposed rule was published in the 5/3/13 Federal Register.***

DC plan benefit statements would show lifetime income streams under DOL proposal: Administrators of 401(k) and other defined contribution (DC) plans might have to show current and projected account balances and related lifetime income streams on benefit statements, under a Department of Labor (DOL) advance notice of proposed rulemaking. DOL offers safe-harbor approaches for account balance projections and annuity conversions, along with a detailed example and online calculator. The agency requested feedback from the retirement plan community but hasn't yet ruled out something "short of a regulatory mandate." **Fact sheet on lifetime income proposal (DOL, 7 May 2013) ; Lifetime income calculator (DOL, 7 May 2013) »**

Employees' immigration and tax breaches do not bar FLSA recovery, court says: The right to overtime pay under the Fair Labor Standards Act (FLSA) extends even to workers who lack employment authorization or fail to report taxable income, a federal appeals court has ruled. The employer had argued that the employees' unlawful conduct precluded any FLSA claim and cited a Supreme Court case denying unauthorized workers' back pay for work lost due to an employer's labor-law violations. However, the 11th Circuit rejected both arguments and backed the jury's decision to hold not just the employer but also the company's president and two directors liable for the violations. ***The case is Lamonica v. Safe Hurricane Shutters, Inc. (11th Cir, 3/6/13)***

DOL issues model exchange notices for employers to provide by Oct. 1: New model notices on employees' health insurance exchange options are available on the Department of Labor (DOL) website. Technical Release 2013-02 sets an Oct. 1 deadline for employers to distribute the notice to all current employees and begin providing it to new hires. The DOL models include two versions: one for employers with no health plan and another for those offering one. Employers may send the notices by first-class mail or use electronic delivery methods meeting DOL's safe harbor. DOL also has updated its model COBRA election notice to mention public exchange coverage.

Full text of Technical Release 2013–02 (DOL, 8 May 2013);
Model exchange notice for employers offering health coverage (DOL, 8 May 2013);
Model exchange notice for employers without a health plan (DOL, 8 May 2013);
Model COBRA election notice (DOL, 8 May 2013);
Redlined version of model COBRA election notice (DOL, 8 May 2013) »

DB sponsors should review 415 limit calculations in light of IRS phone forum example: Defined benefit (DB) pension plan sponsors should review how they apply the Code Section 415 dollar limit in light of an April 23 IRS phone forum. The agency staff's interpretation of 2007 final rules could significantly curb benefits for some participants who either start payments before normal retirement age or receive them as a qualified joint and survivor annuity (QJSA).

Early retirement and QJSA subsidies at issue. Section 415(b) sets a dollar cap ($205,000 in 2013) on what plans may pay as a single-life annuity starting at age 65. Although this amount is generally adjusted when benefits start at another age or are paid in another form, the adjustment rules allow for two potentially valuable subsidies: The dollar limit is unreduced for early retirement at age 62 or payment as a QJSA. But an example presented in the IRS phone forum indicates these subsidies apply less often than many believed. According to IRS staff, the accrued benefit under the plan formula is limited to $205,000 *before* the plan's early retirement and form-of-payment adjustment factors are applied — not *after* as many practitioners previously thought.

IRS example. Slides 37–38 of the phone forum handout present this example: A participant retires early at age 62 and elects the 100% QJSA. The benefit under the plan formula (before applying the 415 limit) is an annual single-life annuity of $400,000 starting at normal retirement age 65. The plan's early retirement factor at age 62 is 85%, and the 100% QJSA optional form factor is 90%. According to the IRS staff, the accrued benefit is limited to $205,000 before the

early retirement and optional form factors are applied, producing a benefit of $156,825 per year ($205,000 × 85% × 90%). This view contrasts with a common interpretation (which the handout labels "incorrect"): The 100% QJSA starting at age 62 is first determined under the plan formula as $400,000 × 85% × 90% = $306,000, then Section 415 limits the benefit to $205,000. The IRS speakers indicated this method doesn't comply with 2007 final regulations, which clarified that Section 415 restricts benefit accruals as well as benefit payments.

Implications. The handout is consistent with personal views expressed by agency staff at various actuarial meetings and in the 2013 Enrolled Actuaries Meeting Gray Book (Q&A-6). It's unclear whether the IRS will amend the 415 regulations or just enforce the existing language in this way. Plan sponsors that previously took a different approach should discuss with tax counsel whether to revise plan terms and procedures or use IRS correction programs to fix any benefits that started after the 2007 regulations took effect (limitation years starting on or after July 1, 2007). Those seeking to maximize benefits can still take advantage of the Section 415 subsidies by providing unreduced early retirement benefits at 62 and offering a fully subsidized 100% QJSA, with each available on a nondiscriminatory basis. **Full text of IRS phone forum handout (IRS, 23 Apr 2013) »**

Final rules on health plan wellness programs increase maximum rewards to 30% of coverage costs: Federal agencies released final rules addressing the employer wellness program provisions of the Affordable Care Act. The maximum reward will rise from 20% to 30% of the coverage cost for "health-contingent" wellness programs unrelated to smoking and up to 50% of the coverage cost for programs that reduce or prevent tobacco use. The rules state that nondiscriminatory wellness programs must be reasonably designed, available to all similarly situated individuals, and accommodate recommendations on medical appropriateness made by a participant's doctor. Rules are effective for plan years beginning on or after Jan. 1, 2014. ***The final rules were published in the 6/3/13 Federal Register***. **Full text of press release (HHS, 29 May 2013) »**

Bipartisan House bill would give 'eligible charity plans' pension funding flexibility: "Eligible charity plan" sponsors, including some hospitals and other 501(c)(3) organizations, could elect to determine minimum pension contributions using Pension Protection Act (PPA) rules — and to comply with PPA's funding-based benefit restrictions — starting with the 2014 (instead of 2017) plan year, under a bipartisan bill introduced by Reps. Susan Brooks, R-IN, and Ron Kind, D-WI ***(HR 2134)***. Making this election would also let a sponsor opt to determine amortization installments as if it had elected 15-year amortization relief for the 2010 and 2011 plan years under the Pension Relief Act of 2010.**Press release on bill (Rep. Susan Brooks' website, 23 May 2013) »**

Asset buyer must pay predecessor's FLSA liability, appeals court rules: An employer purchasing the assets of an insolvent company was liable for that company's Fair Labor Standards Act settlement, even though the buyer expressly disclaimed liability in the purchase agreement, the 7th US Circuit Court of Appeals has ruled. The ruling puts employers on notice that, in addition to rigorous due diligence, understanding both state and federal successor-liability laws is key to successful asset acquisitions. ***The case is Teed v. Thomas & Betts Power Solutions LLC (7th Cir. 3/26/13).***

Omnibus HIPAA rule finalizes HITECH Act and GINA privacy and security standards:
Long-awaited rules finalize changes to most of the privacy, security, and enforcement requirements of the Health Insurance Portability and Accountability Act (HIPAA), amended as part of the Health Information Technology for Economic and Clinical Health Act of 2009. Often called the "omnibus rule," the guidance also includes final revisions to the HIPAA privacy rule made by the Genetic Information Nondiscrimination Act of 2008. Employers must comply with most of the requirements by September 23, 2013.

9th Circuit lets 401(k) stock-drop suit advance; fund wasn't 'required or encouraged':
401(k) plan terms must require or encourage investment in company stock for fiduciaries facing stock-drop claims to get the benefit of the "Moench presumption" of prudence, the 9th US Circuit Court of Appeals has ruled. If plan terms merely authorize company stock investments, fiduciaries' investment decisions are subject to the normal "prudent person" standard, the court held. The decision shows how important plan document wording can be when courts review fiduciary decisions. The court also rejected arguments that compliance with ERISA would have required fiduciaries to violate federal securities laws. ***The case is Harris v. Amgen, Inc. (9th Cir. 6/4/13).***

Supreme Court's same-sex marriage rulings affect benefit plan design and operations:
Same-sex marriage rulings recently handed down by the US Supreme Court have wide-ranging implications for most workplace benefit plans, requiring immediate employer action.

Federal recognition of same-sex marriage. In *US v. Windsor*, the high court struck down Section 3 of the Defense of Marriage Act (DOMA), which bars federal recognition of same-sex marriages. The majority ruled that DOMA violates the US Constitution's equal protection clause by singling out a class of persons entitled to marry under state law. Same-sex couples legally wed under state law now must be treated as spouses under the US tax code, ERISA, and more than 1,000 other federal laws. Same-sex couples currently may marry in Connecticut, Delaware (starting July 1), the District of Columbia, Iowa, Maine, Maryland, Massachusetts, Minnesota (Aug. 1), New Hampshire, New York, Rhode Island (Aug. 1), Vermont, and Washington. (See below for California.) Nothing in this ruling requires other states to issue same-sex marriage licenses or recognize same-sex marriages performed elsewhere — raising important questions about which state's marriage laws will come into play when applying federal law.

From a benefits perspective, the ruling's broad impact extends to matters such as spousal protections and rollover rights in retirement plans, the taxation of group health benefits, COBRA health coverage elections, special enrollment rights under the Health Insurance Portability and Accountability Act, and leave rights under the Family and Medical Leave Act.

California case vacated. In *Hollingsworth v. Perry*, the high court ruled that proponents of California's voter ban on same-sex marriage (Proposition 8) lacked standing to appeal. The high court's action vacates a 9th Circuit decision but leaves intact a US district court decision declaring Proposition 8 unconstitutional. As a result, the parties to the case may marry. But since district court rulings aren't necessarily binding on nonparties, further action by judges or state officials may be needed to determine the impact on other Californians.

Employer action. The rulings take effect immediately (possibly even retroactively). If marital status affects the delivery of benefits to an employee's same-sex spouse or that spouse's child, employers may need to amend the plan's "spouse" definition; reprogram tax reporting systems; and update enrollment forms, distribution election packages, tax notices, beneficiary designation forms, SPDs, and the like. Other steps may involve filing refund claims for taxes paid on the value of same-sex spouses' health care coverage, revisiting domestic partner policies, and evaluating whether DOMA "workarounds" adopted in the past are still needed to achieve HR objectives.

IRS updates pension funding and lump sum mortality tables for 2014 and 2015: The IRS has published mortality tables for determining pension funding targets and minimum lump sum distributions for 2014 and 2015. **Notice 2013-49 also requests comments by Oct. 8** on possible changes to the tables' underlying methodology and projection factors after 2015.

Funding targets. IRS regulations give pension plan sponsors the choice of using either prescribed "static" mortality tables or "generational" tables to determine funding targets and target normal costs. (The static tables, which IRS updates annually, hold mortality rates for each age constant for all future years; generational tables project future mortality improvement.) Sponsors of very large plans may apply for IRS approval to use plan-specific generational mortality tables. For sponsors electing static tables, Notice 2013-49 provides tables for valuation dates in calendar years 2014 and 2015. The static tables include a nonannuitant table for the period before the assumed benefit start date, an annuitant table for the period after the assumed — or actual — benefit start date, and an optional combined table for small plans (500 or fewer participants on the valuation date). These tables are also used to determine current liability for plans with delayed Pension Protection Act compliance dates and multiemployer plans. The notice makes no changes for plans using generational or plan-specific mortality tables. Mortality tables for valuing benefits payable on account of disability are also unchanged.

Lump sum distributions. The notice includes a modified unisex version of the mortality tables for determining minimum lump sums and other optional forms described in Code Section 417(e)(3). The new tables apply for distributions with annuity starting dates (ASDs) occurring during stability periods beginning in calendar years 2014 and 2015. For example, a plan with July 1–June 30 plan-year stability period uses the 2014 table for ASDs from July 1, 2014 to June 30, 2015.

Table basis. The 2014 and 2015 static tables have the same underlying methodology as the 2008 through 2013 tables. But the notice signals coming changes in the development of future mortality tables. IRS notes the Society of Actuaries is preparing a pension plan mortality experience study and has published an alternative projection scale for use with the RP-2000 mortality tables — the current basis for the tables. The notice invites comments on (i) other studies of pension plan mortality experience and projected trends IRS should consider in developing future tables; (ii) whether a separate mortality table is still needed for participants disabled before 1995; (iii) whether combined tables are still needed for small plans; and (iv) whether generally available actuarial software can use fully generational mortality tables with two-dimensional mortality projection scales.

Labor Department grants one-time extension for comparative chart of 401(k) investments: The Labor Department is allowing 401(k) plan administrators a one-time extension of the annual deadline for certain participant fee disclosures. Under a temporary enforcement policy in Field Assistance Bulletin 2013-02, administrators of calendar-year plans may send the comparative investment chart as late as February 2014, if the chart would otherwise be due in August 2013. Likewise, administrators of noncalendar-year plans may send the next chart at any time within 18 months after sending the first chart. Administrators that already sent the 2013 chart may use this relief for 2014. **Press release on FAB 2013-02 (DOL, 22 Jul 2013) »**

PBGC proposes premium changes: All pension plans, regardless of size, would make one annual premium filing — including both flat- and variable-rate premiums — 9-1/2 months after the start of the plan year, under a new PBGC proposal. Small plans would use prior-year information to determine variable-rate premiums. Special rules would apply to new, newly covered, and terminating plans. Other changes would simplify premium filings and codify prior formal and informal guidance, including at-risk plans' need for expense loads. Most changes would take effect for 2014 premium payment years. Comments are due by Sept. 23.

Bipartisan bill would give certain charities, cooperatives pension funding flexibility: Multiple-employer pension plans sponsored by eligible charities and cooperatives that have delayed Pension Protection Act (PPA) compliance dates would gain funding flexibility, under a new bipartisan Senate bill (S 1302). True multiple-employer plans (which treat employers under common control as one employer) would get a new permanent funding regime and exemption from PPA funding-based benefit restrictions. These plans would also avoid post-2013 PBGC premium hikes, pending a study. Other eligible charity plans could elect to come under PPA funding and benefit restriction rules in 2014. **Press release on S 1302 (Senate Health, Education, Labor and Pensions Committee, 16 Jul 2013); Video archive and written testimony for hearing, "Pooled Retirement Plans: Closing the Retirement Plan Coverage Gap for Small Businesses" (Senate HELP Committee, 16 Jul 2013).**

IRS staff share views on performance pay and deferred compensation issues: IRS and Treasury staff addressed tax issues affecting executive pay and nonqualified deferred compensation, in Q&As recently published by an American Bar Association committee. One question addresses the "performance-based compensation" exception to Code Section 162(m)'s deduction limit. Others explore key Section 409A concepts related to like-kind plans, short-term deferrals, and leaves of absence. The Q&As contain no real surprises but do offer insight into regulators' latest thinking. Taxpayers cannot rely on these unofficial, individual views of agency staff. **Treasury and IRS staff Q&As from May meeting of ABA Joint Committee on Employee Benefits (ABA, 8 Jul 2013) »**

Court awards profit sharing plan benefits to same-sex spouse: A profit sharing plan must pay death benefits to the same-sex spouse of a participant who died in 2010, a federal district court has ruled, rejecting competing claims from the participant's parents. This ERISA decision may be the first of many in the wake of a US Supreme Court ruling requiring federal law to recognize same-sex spouses legally wed under state law. The decision is binding only on the parties but may spur benefit claims from others seeking to apply US v. Windsor retroactively. ***The case is Cozen O'Connor, PC v. Tobits, E.D. PA, 7/29/13).***

FMLA leave available to same-sex spouses if home state recognizes their marriage: Employees living in jurisdictions that recognize same-sex marriage now have expanded leave rights under the Family and Medical Leave Act (FMLA), according to Department of Labor (DOL) guidance updated Aug. 9. The guidance appears to apply as of June 26, the date of the US Supreme Court's ruling in *US v. Windsor*.

Expanded FMLA rights. FMLA-eligible employees who live in states that recognize same-sex marriage are now entitled to take FMLA leave (including military caregiver leave) to care for a same-sex spouse with a serious injury or illness, DOL has clarified. Employees with a same-sex spouse in the US military also can now take FMLA leave for any qualifying exigency arising out the spouse's covered active duty or impending call or order to covered active duty status. In addition, employees can take leave to care for a same-sex spouse's child (that is, a stepchild) who has a serious health condition.

Marital status determined by state of residence. On June 26, the US Supreme Court struck down a law prohibiting the federal government from recognizing a state's valid same-sex marriages. The ruling left unanswered how the federal government would determine marital status when applying federal laws — by the "state of celebration," "the state of residence," or some other way. Longstanding FMLA regulations define "spouse" as "a husband or wife as defined or recognized under State law for purposes of marriage in the State where the employee resides" (29 CFR § 825.122). The new guidance confirms that only employees living in a state that recognizes same-sex marriage can take FMLA leave for reasons related to their same-sex spouses. So the expanded rights don't apply — at least for now — to same-sex couples who lawfully marry in one state but live in another state that doesn't recognize their marriage.

More changes on the way? Additional, more informal regulatory information indicates that DOL continues to collaborate with the Department of Justice on interpreting *Windsor* to "provide the maximum protection for workers and their families." What this means for FMLA purposes is unclear given that the regulatory language quoted above is inconsistent with "state of celebration" approach taken for some other federal law purposes.

Affected jurisdictions. California, Connecticut, the District of Columbia, Delaware, Iowa, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New York, Rhode Island, Vermont, and Washington all permit same-sex marriage. Also, New Mexico may recognize same-sex marriages established elsewhere, according to a state attorney general opinion.

Projected 2014 retirement plan, saver's credit, IRA, and Roth IRA limits: Mercer has projected 2014 limits for qualified retirement plans, the saver's credit, IRAs, and Roth IRAs. While small increases are projected in many limits, the 401(k) elective deferral and catch-up contribution limits will likely stay at 2013 levels of $17,500 and $5,500, respectively, and the traditional IRA deduction and catch-up limits will remain at $5,500 and $1,000. IRS has not yet announced the 2014 limits — the values shown in this article are estimates determined using the Code's cost-of-living adjustment methods; CPI-U values through July; and Mercer's projected CPI-U values for August and, in the case of qualified retirement plan limits, September. The IRS is expected to announce these and other benefit-related 2014 limits in October.

Qualified retirement plan limits

Qualified plan limits are based on the year-over-year increase in third-quarter CPI-U, projected to be a modest 1.6%–1.7% assuming recent inflation levels continue. After applying the Code's rounding rules, some limits are projected to increase slightly, while others — including the 401(k) elective deferral and catch-up contribution limits — are projected to remain unchanged from 2013 values.

Qualified retirement plan limits

Qualified plan limits	Estimated 2014	2013	2012
401(k), 403(b) and eligible 457 plan elective deferrals (and designated Roth contributions)	$17,500	$17,500	$17,000
414(v)(2)(B)(i) catch-up contributions (plans other than SIMPLE plans)	5,500	5,500	5,500
408(p)(2)(E) SIMPLE plan elective deferrals	12,000	12,000	11,500
414(v)(2)(B)(ii) SIMPLE plan catch-up contributions	2,500	2,500	2,500

408(k)(2)(C) SEP minimum compensation	550	550	550
415(b) defined benefit maximum annuity	210,000	205,000	200,000
415(c) defined contribution maximum annual addition	52,000	51,000	50,000
401(a)(17) and 408(k)(3)(C) compensation	260,000	255,000	250,000
401(a)(17) compensation limit for eligible participants in certain governmental plans in effect July 1, 1993	385,000	380,000	375,000
414(q)(1)(B) highly compensated employee and 414(q)(1)(C) top-paid group	115,000	115,000	115,000
416(i)(1)(A)(i) officer compensation for top-heavy plan key employee definition	170,000	165,000	165,000
Treas. Reg. Section 1.61-21(f)(5) control employee for fringe benefit valuation purposes			
Officer compensation	105,000	100,000	100,000
Employee compensation	210,000	205,000	205,000
409(o)(1)(C) tax-credit ESOP limits for lengthening the distribution period			
Five-year maximum balance	1,050,000	1,035,000	1,015,000
One-year extension	210,000	205,000	200,000
430(c)(7)(D)(i)(II) excess compensation threshold	1,084,000	1,066,000	1,039,000

Saver's credit

Saver's credit adjusted gross income (AGI) thresholds (Section 25B)	Estimated 2014	2013	2012
50% saver's credit if AGI is no more than			
Married filing jointly	$36,000	$35,500	$34,500
Head of household	27,000	26,625	25,875
Other filing status	18,000	17,750	17,250
20% saver's credit if AGI exceeds threshold for 50% credit but is no more than			
Married filing jointly	39,000	38,500	37,500
Head of household	29,250	28,875	28,125
Other filing status	19,500	19,250	18,750
10% saver's credit if AGI exceeds threshold for 20% credit but is no more than			
Married filing jointly	60,000	59,000	57,500
Head of household	45,000	44,250	43,125
Other filing status	30,000	29,500	28,750

Traditional and Roth IRA deduction limits

Traditional and Roth IRA limits	Estimated 2014	2013	2012
Traditional IRA deduction limits (Sections 219(b)(5) and 219(g)(3)(B))			
IRA maximum deductible amount	$5,500	$5,500	$5,000
IRA catch-up contribution limit*	1,000	1,000	1,000
Modified AGI threshold for determining deductible amount of IRA contributions for active participants in qualified plans			
Married filing jointly or qualifying widow(er)	96,000	95,000	92,000
Married filing separately*	0	0	0
Single or head of household	60,000	59,000	58,000
Spouse (but not taxpayer making IRA contribution) is active participant	181,000	178,000	173,000
Roth IRA contribution limits (Section 408A(c)(3)(C)(ii))			
AGI for determining maximum Roth IRA contribution			
Married filing jointly or qualifying widow(er)	181,000	178,000	173,000
Married filing separately*	0	0	0
Other filing status	114,000	112,000	110,000

* Limit is not adjusted for changes in the cost of living.

IRS finalizes ACA individual mandate rule: A final IRS rule sets out which types of health coverage will meet the individual mandate to have "minimum essential coverage" (MEC) starting in 2014 and details exemptions from this mandate. Most employer-sponsored plans will satisfy the MEC definition under the final rule. However, future guidance will address whether employer subsidies or pretax arrangements to help employees purchase individual coverage through the insurance marketplace qualify as MEC. ***The final rule was published in the 8/30/13 Federal Register.***

Federal tax regulators adopt 'place of celebration' rule for same-sex marriage: Federal tax regulators will treat a same-sex couple as married if they were legally wed in any jurisdiction, regardless of their state of residence, according to new Treasury and IRS guidance ***(See Revenue Ruling 2013-17 issued on 8/29/13)***. The announcement comes in response to a recent US Supreme Court decision. The same recognition policy will apply to foreign marriages, but not to civil unions or domestic partnerships. The new guidance is effective as of Sept. 16 for all tax and qualified retirement plan purposes. Future guidance will address FICA refunds, cafeteria plan enrollment, and retroactivity for qualified plans. **Press release (Treasury, 29 Aug 2013, 3 pages) »**

IRS proposes expanded electronic filing requirements for retirement plans: Many retirement plan administrators would have to file electronic reports on deferred vested benefits of separated participants (Form 8955-SSA) under newly proposed IRS regulations. The proposal also signals that Form 5500 and Schedules SB and MB — already e-filed with the Labor Department — will expand to include compliance information that only IRS needs. The proposed e-filing requirement would apply to reports for 2014 and later plan years with filing deadlines (ignoring extensions) after Dec. 31, 2014. Comments are due by Oct. 29, 2013. **Proposed IRS e-filing regulation (Federal Register, 30 Aug 2013, 6 pages) »**