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**Author: Juan Luis Alonso**

If you have questions, please contact your regular Groom attorney or any of the attorneys listed below:

**Juan Luis Alonso**  
jalonso@groom.com  
(202) 861-6632

**Elizabeth T. Dold**  
edold@groom.com  
(202) 861-5406

**David N. Levine**  
dlevine@groom.com  
(202) 861-5436

**Louis T. Mazawey**  
lmazawey@groom.com  
(202) 861-6608

**David W. Powell**  
dpowell@groom.com  
(202) 861-6600

## Puerto Rico Treasury Department Guidance on Retirement Plans Limits for 2014

As anticipated in our Brief of November 5, 2013, the Puerto Rico Secretary of the Treasury issued Circular Letter 14-01 (CL 14-01) on February 3, 2014, formally announcing the key pension limits for 2014, as required by the Puerto Rico Internal Revenue Code of 2011.

For plans qualified only in Puerto Rico (PR-Only Plans), and for plans qualified both in Puerto Rico and the U.S. (Dual-Qualified Plans), the limits on annual benefits, annual contributions and plan compensation all will increase. However, the limits on elective deferrals, after-tax and catch-up contributions, and the highly compensated employee threshold, will remain unchanged for 2014. The chart below reflects the key limits. CL 14-01 in Spanish is available at: <http://www.hacienda.gobierno.pr/downloads/pdf/cartas/14-01.pdf>.

	2013	2014
1081.01(d) Elective Deferrals – PR-Only Plans	\$15,000	\$15,000
1081.01(d) Elective Deferrals – Dual-Qualified Plans and Federal Government Thrift Plan <sup>1</sup>	17,500	17,500
Catch-up Contributions – PR-Only Plans and Dual-Qualified Plans	1,500	1,500
Catch-up Contributions – Federal Government Thrift Plan	5,500	5,500
After-Tax Contributions – All Plans	10% of the employee’s aggregate compensation during time employee is a plan participant	10% of the employee’s aggregate compensation during time employee is a plan participant
Annual Limitation on Compensation	255,000	260,000
Annual Benefit Limitation on DB Benefits	205,000	210,000
Annual Contribution Limitation on DC Plan Contributions	51,000	52,000
Highly Compensated Employee Threshold	115,000	115,000

<sup>1</sup> Total annual aggregate contributions to qualified retirement plans and Puerto Rico deductible individual retirement accounts (IRA) by Puerto Rico participants in dual qualified plans cannot exceed the sum of the PR Code annual limit on elective deferrals for participants in Puerto Rico-only qualified plans and the PR Code annual limit on deductible contributions to an IRA (i.e., \$20,000, in 2013 and 2014).

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