

November 12, 2012 www.mcvpr.com**EMPLOYEE BENEFITS ALERT*****PR Treasury Issues Circular Letter to Establish Dollar Limitations for Qualified Retirement Plans***

On October 24, 2012, the Puerto Rico Treasury Department ("Treasury") issued Circular Letter No. 12-08 ("CL 12-08") to notify the cost-of-living adjustments announced by the US Internal Revenue Service ("IRS") in IRS News Release 2012-77 that will apply to benefit plans qualified under the provisions of Section 1081.01 of the Puerto Rico Internal Revenue Code of 2011, as amended (the "PR Code").

The limitations are effective for the taxable year beginning on or after January 1, 2013, as follows:

- The limitation under PR Code Section 1081.01(a)(11)(A)(i) on the annual benefits under a defined benefit plan will be \$205,000.
- The limitation under PR Code Section 1081.01(a)(11)(B)(i) on annual additions to a participant's account under a defined contribution plan will be \$51,000.
- The annual compensation limit under PR Code Section 1081.01(a)(12) will be \$255,000.
- The dollar threshold under PR Code Section 1081.01(d)(3)(E)(iii)(IV) for determining who is a highly compensated employee will be \$115,000.
- The limitation under PR Code Section 1081.01(d)(7)(A)(ii) on the exclusion for elective deferrals for participants in a dual-qualified retirement plan, as well as for employees of the federal government, will be \$17,500.
- The limit on catch-up contributions under PR Code Section 1081.01(d)(7)(C)(v) for employees of the federal government will be \$5,500.
- The limitation on cash or deferred contributions under PR Code Section 1081.01(d)(7)(A)(i) for participants of Puerto Rico only qualified retirement plans will be \$15,000.

A copy of CL 12-08 is available [here](#).

If you have any questions or would like our assistance regarding this matter, you may contact any of the following members of our Employee Benefits Practice Team:

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