

THE FOLLOWING HIGHLIGHTS THE CHANGES BEGINNING IN 2014 FOR DOLLAR LIMITATIONS ON QUALIFIED PENSION PLANS, SOCIAL SECURITY AND MEDICARE DEDUCTIBLES/PREMIUMS.

The Internal Revenue Service provides dollar limitations on benefits and contributions under qualified retirement plans. It also allows these limitations to be adjusted annually for cost-of-living increases.

The Social Security Administration (SSA) generally increases the maximum taxable earnings under the Social Security portion (OASDI) of Social Security and Medicare each year. The SSA also provides cost-of-living adjustments for Social Security beneficiaries based on the changes in the Consumer Price Index (CPI). Medicare premiums and deductibles are also adjusted annually and shown below.

|   | 2012      | 2013      | 2014      |
|---|-----------|-----------|-----------|
| <b>IRS Limitations</b>                        |           |           |           |
| Maximum annual compensation limit             | \$250,000 | \$255,000 | \$260,000 |
| Maximum annual benefit under DB plan          | \$200,000 | \$205,000 | \$210,000 |
| Maximum annual contribution under DC plan     | \$50,000  | \$51,000  | \$52,000  |
| Highly compensated employee limit             | \$115,000 | \$115,000 | \$115,000 |
| Maximum 401(k) elective deferral limit        | \$17,000  | \$17,500  | \$17,500  |
| Maximum 403(b)/457(b) elective deferral limit | \$17,000  | \$17,500  | \$17,500  |
| Catch-up contribution for individuals over 50 | \$5,500   | \$5,500   | \$5,500   |
| <b>Social Security</b>                        |           |           |           |
| Maximum taxable earnings                      | \$110,100 | \$113,700 | \$117,000 |
| Benefit Cost-of-Living Adjustment (COLA)      | 3.6%      | 1.7%      | 1.5%      |
| Maximum annual benefit (age 65 retirement)    | \$27,720  | \$28,968  | \$29,172  |
| <b>Medicare</b>                               |           |           |           |
| Part A deductible                             | \$1,156   | \$1,184   | \$1,216   |
| Part B deductible                             | \$140     | \$147     | \$147     |
| <b>Part A coinsurance</b>                     |           |           |           |
| 1-60 days                                     | \$0       | \$0       | \$0       |
| 61-90 days                                    | \$289     | \$296     | \$304     |
| Lifetime reserve                              | \$578     | \$592     | \$608     |
| Part B premium*                               | \$99.90   | \$104.90  | \$104.90  |

*\*New Beneficiaries and Beneficiaries with higher incomes may be subject to a larger premium amount.*

If you need additional information, please contact Bob Sanford at (804) 749-8787 or Michael Rhim at (202) 745-3721.