

Increased Limits

<u>Type of Limitation</u>	<u>2014</u>	<u>2015</u>
Elective deferrals (401k, 403(b))	\$ 17,500	\$ 18,000
Defined benefit plans	\$110,000	\$210,000
Defined contribution plans	\$ 52,000	\$ 53,000
Compensation limit	\$260,000	\$265,000
Highly Compensated \$80,000 index	\$115,000	\$120,000
Age 50 Catch-up	\$ 5,500	\$ 6,000

Electronic Filing of Form 5500

Our experience with electronic filing of Form 5500 and 5500-SF continues to be good. The EBSA of the DOL has kept the program working smoothly. The fly in the ointment continues to be the IRS service center in Ogden Utah. All extensions to file Forms 5500, 5500-SF, and 5500-EZ must be filed with the Ogden Utah service center. We have had to prove over and over that extension forms were filed timely. Thank goodness we always use certified mail when sending anything to the Government that doesn't have to be electronically filed. Still, it can take months to get the attention of a human being or, rather, one able and willing to fix the problem created by the IRS.

Form 5500-EZ Filings

The bad news is that Form 5500-EZ is filed with the Ogden Utah service center. I cannot stress strongly enough that these forms must be sent by certified mail as there is a real chance you must prove you filed them timely. Getting the penalties on late filings waived has become harder and harder even though I understand dogs still relish eating homework and tax forms.

There is a trial program for waiving the late penalty for Form 5500-EZ but it is only available if YOU file before the IRS catches you. Still, it is better than a poke in the eye with a sharp stick. If, for some reason, you do file Form 5500-EZ late, please be sure to let us know ASAP so that we can help you use this IRS program.

Remember, you are responsible for filing Form 5500-EZ. You are responsible for providing us what we need to prepare it for you in a timely manner. We always try to follow-up, but we are not responsible if our letters are left unopened or the forms we send you are left unfiled.

Starting in 2013, the EBSA has allowed one-man plans to file Form 5500-SF without becoming part of the "public record", namely a Form 5500-SF described as a one-man plan is not available to the public on the DOL website. The IRS is trying to find a way to make one-man plans file electronically using their FIRE system but has not yet explicitly said so. This is the same FIRE site that the IRS brought down for routine maintenance just before October 15, 2014 with no thought for the October 15th deadlines. Accordingly we are considering recommending clients file using Form 5500-SF rather than Form 5500-EZ with the only inconvenience being that there are extra steps in the administrative process for the 5500-SF.

Tax Legislation

The policy differences between the Republican Congress and the President will almost certainly guaranty that "Tax Reform" will not happen in the next two years. This is a good thing for 401(k) plans since the Tax Reform legislation written by retired Congressman Camp included some reductions in the 401(k) deferral limit and it would be easy for Congress to include this in future "Tax Reform" since the Congressional Budget Office (CBO) has already "costed it out". To learn more, go to www.savemy401k.com

As the late Senator Russell Long (son of Huey Long) once said, "**Tax reform** means, 'Don't **tax** you, don't **tax** me. **Tax** that fellow behind the tree.'" In other words, Tax Reform is one group with friends in Congress in cahoots with another group with friends in Congress ganging up on someone who doesn't have friends in Congress to reduce taxes on the first two groups and raise them on the third group. For example, one group that wants to lower capital gains taxes and another that wants higher taxes ganging up to lower the tax deductions for 401(k) contributions and the tax exemption for employer provided health care insurance

Please call me if you have any questions.■