

By the Numbers: The 2014 Indexed Pension and Social Security Numbers

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Abstract: The 2014 indexed pension and Social Security numbers are presented in an easy-to-read table. Feel free to photocopy this table and keep it handy.

| 2014 INDEXED PENSION AND SOCIAL SECURITY NUMBERS | | | |
|---|--------------------------------|--------------------------------|---------------------------------|
| PENSION NUMBERS | 2012 | 2013 | 2014 |
| <p>Sec. 415 Limit for Defined Benefit Plans (Sec. 415(b)(1)(A)) Maximum yearly benefit allowed is the lesser of 100% of the highest 3 years' compensation or the indicated figure. Reductions apply for plans with pre-62 retirement ages and for participants with fewer than 10 years of service. *This amount will be indexed in \$5,000 increments when applicable.</p> | \$200,000 | \$205,000 | \$210,000* |
| <p>Sec. 415 Limit for Defined-Contribution Plans (Sec. 415(c)(1)(A)) Maximum annual addition is the lesser of these numbers. *This amount will be indexed in \$1,000 increments when applicable.</p> | \$50,000/100 percent of salary | \$51,000/100 percent of salary | \$52,000*/100 percent of salary |
| <p>Annual Limit on Includible Compensation (Sec. 401(a)(17)) Maximum compensation that can be taken into account when determining an individual contribution or benefit. The limit for certain governmental plans is \$385,000 in 2014. *This amount will be indexed in \$5,000 increments when applicable.</p> | \$250,000 | \$255,000 | \$260,000* |
| <p>Highly Compensated Employee (Sec. 414(q)(1)(B)) A person who earns over the indicated limits in the prior year and who is in the top 20% of employees (if elected) is a highly compensated employee. In addition, a person who was a 5% owner at any time during the year or preceding year is also a highly compensated employee. *This amount will be indexed in \$5,000 increments when applicable.</p> | \$115,000 | \$115,000 | \$115,000* |
| <p>Key Employee (Sec. 416(i)(1)(A)(i)) An employee is considered a key employee if, during the prior year, the employee was (1) an officer with compensation in excess of the listed figure, (2) a 5% owner, or (3) a 1% owner with compensation in excess of \$150,000 (not indexed). The law limits the number of officers treated as key employees. The family ownership attribution rule applies in determining whether an individual is a 5% owner of the employer for purposes of the top-heavy rules. *This amount will be indexed in \$5,000 increments when applicable.</p> | \$165,000 | \$165,000 | \$170,000* |
| <p>Elective Deferrals for a 401(k) Plan or SARSEP (Sec. 402(g)(1)) The indicated figure is the maximum salary reduction that a participant can make under Sec. 402(g)(1). *This amount will be indexed when applicable.</p> | \$17,000 | \$17,500 | \$17,500* |

| PENSION NUMBERS | 2012 | 2013 | 2014 |
|--|----------|----------|-----------|
| <p>401(k) Catch-up Provision (Sec. 414(v)(2)(B)(i))</p> <p>Individuals aged 50 and older by the end of the year would be allowed to make annual catch-up contributions to a 401(k) plan. The catch up for 2014 is a \$5,500 increase over the traditional 401(k) amounts. The list represents the total amount of salary deferral possible for this cohort.</p> <p>*Inflation adjustments may be made in \$500 increments when applicable.</p> | \$22,500 | \$23,000 | \$23,000* |
| <p>Elective Deferrals for a 403(b) Plan (Sec. 403(b) and Sec. 402(g)(1))</p> <p>The indicated figure is the maximum salary reduction that a participant can make under a 403(b) plan.</p> <p>*This amount will be indexed when applicable.</p> | \$17,000 | \$17,500 | \$17,500* |
| <p>403(b) Supplemental Catch-up Provision (Sec. 414(v)(2)(B)(i))</p> <p>In 2014, in addition to the catch-up provisions now available for 403(b) plans, an individual aged 50 or older by the end of the year would be allowed to make an annual supplemental catch-up contribution of \$5,500 to the 403(b) plan. The list represents the total amount of salary deferral possible for this cohort.</p> <p>*Inflation adjustments may be made in \$500 increments when applicable.</p> | \$22,500 | \$23,000 | \$23,000* |
| <p>Elective Deferrals for a SIMPLE (Sec. 408(p)(2)(E))</p> <p>The figure is the maximum salary reduction that a participant can make under a SIMPLE or 401(k) SIMPLE.</p> <p>*Inflation adjustments may be made in \$500 increments.</p> | \$11,500 | \$12,000 | \$12,000* |
| <p>SIMPLE Catch-up Provision (Sec. 414(v)(2)(B)(ii))</p> <p>Individuals aged 50 and older by the end of the year would be allowed to make annual catch-up contributions to a SIMPLE plan. The catch up for 2014 is a \$2,500 increase over the traditional SIMPLE amounts. The list represents the total amount of salary deferral possible for this cohort.</p> <p>*Inflation adjustments may be made in \$500 increments when applicable.</p> | \$14,000 | \$14,500 | \$14,500* |
| <p>Part-Time Employee Limitation for a SEP (Sec. 408(k)(2)(C))</p> <p>Employees who earn over the indicated limits must be included in a SEP if they are otherwise eligible.</p> <p>*Inflation adjustments may be made in \$50 increments when applicable.</p> | \$550 | \$550 | \$550* |
| <p>457 Limitation (Sec. 457(e)(15))</p> <p>Nonqualified plan for state and local government and tax-exempt organizations.</p> <p>*Inflation adjustments will be made in \$500 increments when applicable.</p> <p>Also note that government-sponsored 457 plans can allow a catch-up contribution of \$5,500 for those who are age 50 or older in 2014. In addition, a 457 plan can specifically provide that in the 3 years prior to the plan's normal retirement age a special limit applies. The special limit is the lesser of twice the annual limit or the basic limit plus the amount of the basic limit not used in prior years.</p> | \$17,000 | \$17,500 | \$17,500* |
| <p>Deductible, Nondeductible, and Roth IRA Contribution Limits (Secs. 219(b)(1)(A) and 408(a)(1))</p> <p>These are the limitations on how much can be contributed to the IRA.</p> <p>*Indexed for inflation in \$500 increments when applicable.</p> | \$5,000 | \$5,500 | \$5,500* |

| PENSION NUMBERS | 2012 | 2013 | 2014 |
|--|------------|------------|------------|
| IRA Catch-up Provision for Individuals 50 or Older by Year End (Sec. 219(a)(5)(B)) The amount that can be contributed for those 50 or older by year end. The catch up is \$1,000 in 2008 and subsequent years. The listed number is the total amount that can be contributed for this cohort. The catch-up limit of \$1,000 will not be adjusted for cost-of-living increases under current law. | \$6,000 | \$6,500 | \$6,500 |
| Traditional IRA Phaseout Modified Adjusted Gross Income Limitations (Sec. 219(g)(3)(B)) | | | |
| Joint return floor | \$92,000 | \$95,000 | \$96,000* |
| Joint return ceiling | \$112,000 | \$115,000 | \$116,000* |
| Single/HOH floor | \$58,000 | \$59,000 | \$60,000* |
| Single/HOH ceiling | \$68,000 | \$69,000 | \$70,000* |
| Married-filing-separately floor | 0 | 0 | 0 |
| Married-filing-separately ceiling | \$10,000 | \$10,000 | \$10,000 |
| Spouse (nonworking) coverage-only floor | \$173,000 | \$178,000 | \$181,000* |
| Spouse (nonworking) coverage-only ceiling | \$183,000 | \$188,000 | \$191,000* |
| *Indexed for inflation when applicable. | | | |
| Roth IRA Modified Adjusted Gross Income Limits (Sec. 408A(c)(3)(C)) | | | |
| Joint return floor | \$173,000 | \$178,000 | \$181,000* |
| Joint return ceiling | \$183,000 | \$188,000 | \$191,000* |
| Single/HOH floor | \$110,000 | \$112,000 | \$114,000* |
| Single/HOH ceiling | \$125,000 | \$127,000 | \$129,000* |
| Roth conversion limit | No Limit | No Limit | No Limit |
| *Indexed for inflation when applicable. | | | |
| PBGC Maximum Monthly Guaranteed Benefit | \$4,653.41 | \$4,789.77 | \$4,943.18 |
| PBGC Flat Premium Rate | \$35 | \$42 | \$49 |

Other Important Pension Numbers

The income limit for the savers credit (IRC Sec. 25B) for 2014 is \$60,000 (was \$59,000 in 2013) for taxpayers who are married filing jointly. The limit for taxpayers filing as head of household is \$45,000 in 2014 (was \$44,250 in 2013). The limit for taxpayers filing as single and married filing separately is \$30,000 in 2014 (was \$29,500 in 2013). The savers tax credit is available to taxpayers below the threshold who contribute to a regular or Roth IRA, regular or Roth 401(k), regular or Roth 403(b) plan, 457 plan, SIMPLE, or SARSEP. The credit percentage is:

| Credit Percentage | MFJ | Single | Head of Household |
|-------------------|------------------------|------------------------|------------------------|
| 50% | 0 - \$36,000 | 0 - \$18,000 | 0 - \$27,000 |
| 20% | \$36,000.01 - \$39,000 | \$18,000.01 - \$19,500 | \$27,000.01 - \$29,250 |
| 10% | \$39,000.01 - \$60,000 | \$19,500.01 - \$30,000 | \$29,250.01 - \$45,000 |

| SOCIAL SECURITY NUMBERS | 2012 | 2013 | 2014 | 2015 |
|--|---------------------------|---------------------------|---------------------------|---|
| Social Security Tax Rate (Employee—FICA) | | | | Anticipated to remain constant |
| OASDI | 4.2% | 6.2% | 6.2% | |
| Medicare | 1.45% | 1.45% | 1.45% | |
| This is the percentage at which both the individual and employer are taxed for Social Security purposes. In 2014, the Medicare tax rate will be .9% (1.45% to 2.35%) on earned income exceeding \$200,000 for single taxpayers and \$250,000 for joint-filers. | | | | |
| Social Security Tax Rate (Self-Employed—SECA) | | | | Anticipated to remain constant |
| OASDI | 10.4% | 12.4% | 12.4% | |
| Medicare | 2.9% | 2.9% | >2.9% | |
| This is the percentage at which a self-employed individual is taxed for Social Security purposes. An above-the-line deduction is available for 1/2 of SECA taxes. | | | | |
| Taxable Wage Base This is the maximum amount of covered earnings on which Social Security old age, survivors, and disability insurance (OASDI) taxes are paid. | \$110,100 | \$113,700 | \$117,000 | Increases adjusted according to wage levels |
| Medicare Wage Base This is the maximum amount of coverage earnings on which Social Security hospital insurance taxes are paid. | Unlimited | Unlimited | Unlimited | Anticipated to remain unlimited |
| Social Security Reduction for Postretirement Earnings (Under Full Retirement Age) If earnings exceed the stated limit, Social Security recipients will "lose" \$1 in Social Security benefits for every \$2 earned in excess of the limit. | \$14,160 (\$1,220/Mo.) | \$15,120 (\$1,260/Mo.) | \$15,480 (\$1,290/Mo.) | Indexed for inflation each year |
| Modified Test That Applies for the Year an Individual Reaches Full Retirement Age Applies only to earnings for months prior to attaining full retirement age. Signed into law as the Senior Citizen's Freedom to Work Act; \$1 reduction per \$3 over the limit. | \$38,880 (\$3,240/Mo.) | \$40,080 (\$3,340/Mo.) | \$41,400 (\$3,450/Mo.) | Indexed for inflation each year |
| Medicare: Part B Monthly Premium The Medicare Part B monthly premium will be \$104.90. | \$99.90 | \$104.90 | \$104.90 | Cost of living adjusted |

SOCIAL SECURITY NUMBERS

Medicare: Part B Monthly Premium Changes

Starting in 2007, changes instituted by the Medicare Modernization Act required those with higher incomes to pay a greater percentage of Medicare Part B costs. Before the change, Part B beneficiaries were responsible for premiums approximately equal to 25% of the total cost of the benefit. (The federal government pays the remaining 75%.) In order to bolster Medicare's sustainability, beneficiaries with incomes over specified thresholds will pay a monthly premium equal to 35, 50, 65, or 80 percent of the total cost, depending on their income level in 2014. Note that there is a two-year look-back rule for determining income, so except in special circumstances, income from 2012 is used to determine premiums for 2014.

2013 and 2014 INDEXED NUMBERS

| | 2013 and 2014 Income | Part B Monthly Premium |
|-------------------|--|-------------------------------|
| Single MFJ | \$85,000 or less \$170,000 or less | \$104.90 |
| Single MFJ | Over \$85,000 up to \$107,000 Over \$170,000 up to \$214,000 | \$146.90 |
| Single MFJ | Over \$107,000 up to \$160,000 Over \$214,000 up to \$320,000 | \$209.80 |
| Single MFJ | Over \$160,000 up to \$214,000 Over \$320,000 up to \$428,000 | \$272.70 |
| Single MFJ | Over \$214,000 Over \$428,000 | \$335.70 |

Medicare: Part A Monthly Premium

This is the amount of monthly premium for Medicare Part A hospital insurance for those retirees who are not eligible for this benefit without charge and have less than 30 quarters with coverage. People with 30-39 quarters of coverage pay \$234 in 2014. High-income earners pay more.

| | | | |
|-------|-------|-------|-------------------------|
| \$451 | \$441 | \$426 | Cost of living adjusted |
|-------|-------|-------|-------------------------|

Social Security Quarterly Earnings

The amount needed to be earned to receive a quarter of Social Security coverage. Forty quarters are needed for coverage under the system.

| | | | |
|---------|---------|---------|-------------------------|
| \$1,130 | \$1,160 | \$1,200 | Cost of living adjusted |
|---------|---------|---------|-------------------------|

Social Security Benefits Cost-of-Living Increase

Amount that Social Security recipients' checks will increase based on CPI-W.

| | | | |
|------|------|------|-------------------------|
| 3.6% | 1.7% | 1.5% | Cost of living adjusted |
|------|------|------|-------------------------|

Part A Deductible

Deductible is for the first 60 days in a benefit period.

| | | | |
|---------|---------|---------|-------------------------|
| \$1,156 | \$1,184 | \$1,216 | Cost of living adjusted |
|---------|---------|---------|-------------------------|

Part A Coinsurance

From the 61st to the 90th day in each benefit period.

| | | | |
|-------|-------|-------|-------------------------|
| \$289 | \$296 | \$304 | Cost of living adjusted |
|-------|-------|-------|-------------------------|

Part A Coinsurance

For the 60 lifetime reserve days.

| | | | |
|-------|-------|-------|-------------------------|
| \$578 | \$592 | \$608 | Cost of living adjusted |
|-------|-------|-------|-------------------------|

Part A Skilled Nursing Facility

Per diem from the 21st to the 100th day.

| | | | |
|----------|-------|-------|-------------------------|
| \$144.50 | \$148 | \$152 | Cost of living adjusted |
|----------|-------|-------|-------------------------|

PIA Formula For an individual who first becomes eligible for old-age insurance benefits or disability insurance benefits in 2014, or who dies in 2014 before becoming eligible for benefits, his or her PIA will be the sum of: (a) 90% of the first \$816 of his or her average indexed monthly earnings, plus (b) 32% of his or her average indexed monthly earnings over \$816 and through \$4,917, plus (c) 15% of his or her average indexed monthly earnings over \$4,917. The resulting amount is rounded to the next lower multiple of \$.10 if it is not already a multiple of \$.10.

Other Important Social Security Numbers

- The Medicare Part B deductible for 2014 is \$147.
- The maximum federal Supplemental Security Income (SSI) payment amount for 2014 is \$721 per month for an eligible individual or \$1,082 per month for an eligible couple.
- The maximum Social Security benefit for a worker retiring at full retirement age was \$2,642 per month (\$31,704 per year).
- The average Social Security benefit for all retired workers in 2014 is \$1,294 per month (\$15,528 per year).

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