

*Happy New Year! We hope that you have a prosperous and productive 2016.*

## Plan Restatement Project Update

We have completed the large majority of the required plan document updates for 401(k) and profit sharing plans. This process is required and is very important as plan document compliance is one of the core items that the IRS looks for when auditing retirement plans.

The deadline for completing the restatement project is April 30, 2016. If you haven't authorized us to complete this work, you will hear from us again very soon!

It is important to note that the current restatement project only applies to defined contribution plans (ie: 401(k) and profit sharing plans). However, the IRS is actively reviewing and giving final approval to updated defined benefit plan documents. Those plans also operate on 6 year cycles now and include Cash Balance plans. We will be using the same process for the defined benefit plan restatements that we did for the defined contribution plans. This will likely occur in 2017.

## Providing Accurate Data

Please remember that the lifeblood of accurate administrative work is accurate census data. This includes spelling of names, dates of birth, hours worked, dates of hire/termination, as well as compensation data. The IRS requests complete census data when they audit a plan and it is the

backbone of all the calculations that we perform annually. In addition, this data is equally important to the investment provider. Therefore, please take a few extra moments to review/provide accurate data upon request.

## Annual Limitations Changes for 2016

For the first time that we can recall, virtually all of the significant qualified plan limitations are staying the same. The cost of living adjustment was flat this

year. As you can see from the chart below, there are no changes! Even the Social Security Taxable Wage Base is staying at \$118,500.

<b>Annual Dollar Limits</b>	<b>2015</b>	<b>2016</b>
Maximum Compensation for Qualified Plans	\$265,000	\$265,000
401(k) and 403(b) Salary Deferrals	\$18,000	\$18,000
Catch Up Contributions (age 50 and older)	\$6,000	\$6,000
SIMPLE Contributions	\$12,500	\$12,500
Highly Compensated Employee Status	\$120,000	\$120,000
Annual Benefit (section 415) - Defined Benefit	\$210,000	\$210,000
Annual Allocation (section 415) - Defined Contribution	\$53,000	\$53,000
Key Employee Determination Compensation	\$170,000	\$170,000
Taxable Wage Base	\$118,500	\$118,500

## Interest Rates

We don't have a crystal ball and don't know exactly what will happen with interest rates. However, higher rates have been predicted for well over 3 years now and it appears that it might finally be happening. For qualified retirement plans, interest rates can be very important.

Participant loans are impacted by these rates because the loan repayment interest rate is fixed at the time the loan is taken. Defined Benefit plans also rely very heavily on interest rates in determining both annual funding amounts as well as lump sum distribution amounts. Higher rates will generally result in lower contributions and lump sum payouts.

## Contacting Limestone

All of our employees have direct dial numbers and we encourage you to use them as it saves our time and yours. In addition, we also strongly prefer email communication and have a secure file system for sensitive data. You can access our Limestone

Secure Client Center via a link at the bottom of every page of our website at [limestonepension.net](http://limestonepension.net). Here is a list of our direct dial phone numbers and email addresses. These are also listed on our website along with our photographs and brief biographies.

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