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Puerto Rico Treasury announces key 2022 benefit plan limits

Puerto Rico's Secretary of Treasury has announced the qualified retirement plan limits for 2022.

Background

Puerto Rico's Internal Revenue Code of 2011 (as amended) provides that after the U.S. Internal Revenue Service announces its limits for U.S. qualified retirement plans, Puerto Rico's Treasury Department will issue written guidance on the limits that apply to Puerto Rico qualified plans (including those that are qualified in both the U.S. and Puerto Rico).

2022 limits for Puerto Rico qualified retirement plans

The table below lists the key 2022 limits specified in [Circular Letter 2022-01](#), the corresponding 2021 limits, and the U.S. Internal Revenue Code (Code) sections that specify analogous limits.

Puerto Rico Internal Revenue Code limit [section]	Analogous U.S. Code section specifying limit	2022	2021
Elective deferral maximum for participants in plans only qualified in Puerto Rico [§1081.01(d)(7)(A)(i)], and participants in dual-qualified plans attaining age 75 by the end of the year [§1081.01(d)(7)(A)(iii)]	None	\$15,000	\$15,000
Elective deferral maximum for U.S. government employees and dual-qualified plan participants not attaining age 75 by the end of the year [§1081.01(d)(7)(A)(ii)]	§402(g)(1)(B)	\$20,000	\$19,500

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Puerto Rico Internal Revenue Code limit [section]	Analogous U.S. Code section specifying limit	2022	2021
Dual-qualified plans — combined limit on elective deferrals (other than catch-ups) and up to \$5,000 in deductible IRA contributions for those not attaining age 75 by the end of the year [§1081.01(d)(7)(A)(iii)]	None	\$20,000	\$20,000
Lifetime cap on after-tax contributions as a percentage of pay earned while a participant [§1081.01(a)(15)]	None	10%	10%
Defined benefit dollar maximum [§1081.01(a)(11)(A)(i)]	§415(b)(1)(A)	\$245,000	\$230,000
Defined contribution annual addition dollar maximum [§1081.01(a)(11)(B)(i)]	§415(c)(1)(A)	\$61,000	\$58,000
Age 50 catch-up deferral limit, other than for U.S. government employees [§1081.01(d)(7)(C)(i)]	§414(v)(2)(B)(i)	\$1,500	\$1,500
Age 50 catch-up deferral limit for U.S. government employees only (e.g., federal Thrift Savings Plan) [§1081.01(d)(7)(C)(v)]	§414(v)(2)(B)(i)	\$6,500	\$6,500
Annual compensation limit [§1081.01(a)(12)]	§401(a)(17)(A)	\$305,000	\$290,000
Highly compensated employee (HCE) limit [§1081.01(d)(3)(E)(iii)(III)] ¹	§414(q)(1)(B)(i)	\$135,000	\$130,000

Note that for purposes of the above elective deferral limits, dual-qualified plans are plans that meet the requirements of both section 1081.01(d) of the Puerto Rico Internal Revenue Code and 401(k) of the U.S. Code. In addition, the dual-qualified limits will apply to an individual who is a participant in multiple plans of an employer, for example, a U.S. qualified plan and a Puerto Rico qualified plan. Plans sponsored by the U.S. government (such as the federal Thrift Savings Plan) are also considered dual-qualified.

¹ An employee is considered an HCE if their pay in the 12-month period preceding the start of the plan year exceeds the limit shown for that year. For example, for a calendar year plan year, an employee would be considered an HCE in the 2022 plan year if they had pay greater than \$130,000 in 2021, and an employee earning more than \$135,000 in 2022 would be considered an HCE in 2023. However, higher limits could apply if an employer made a top-paid group election.

In closing

Plan administrators should ensure that documents and employee communications are updated to reflect the adjusted 2022 limits and take steps to apply these limits properly in the administration of Puerto Rico qualified or dual-qualified retirement plans.

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