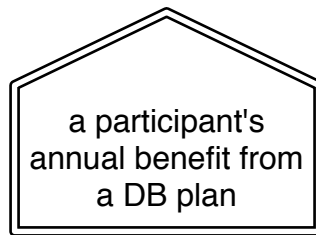


# Final §415 Regulations

The Great Lakes TE/GE Advisory Council

July 20, 2007 meeting

Barry Kozak, The John Marshall Law School, Chicago

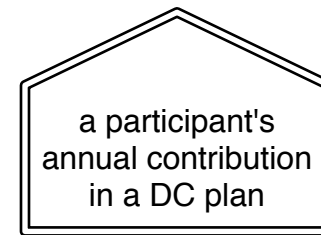


LESSER OF

annual DB  
benefit  
determined  
under plan  
document

§415(b)(1)(A)  
Dollar  
limit for DB  
Plans

§415(b)(1)(B)  
Compensation  
limit for DB  
Plans

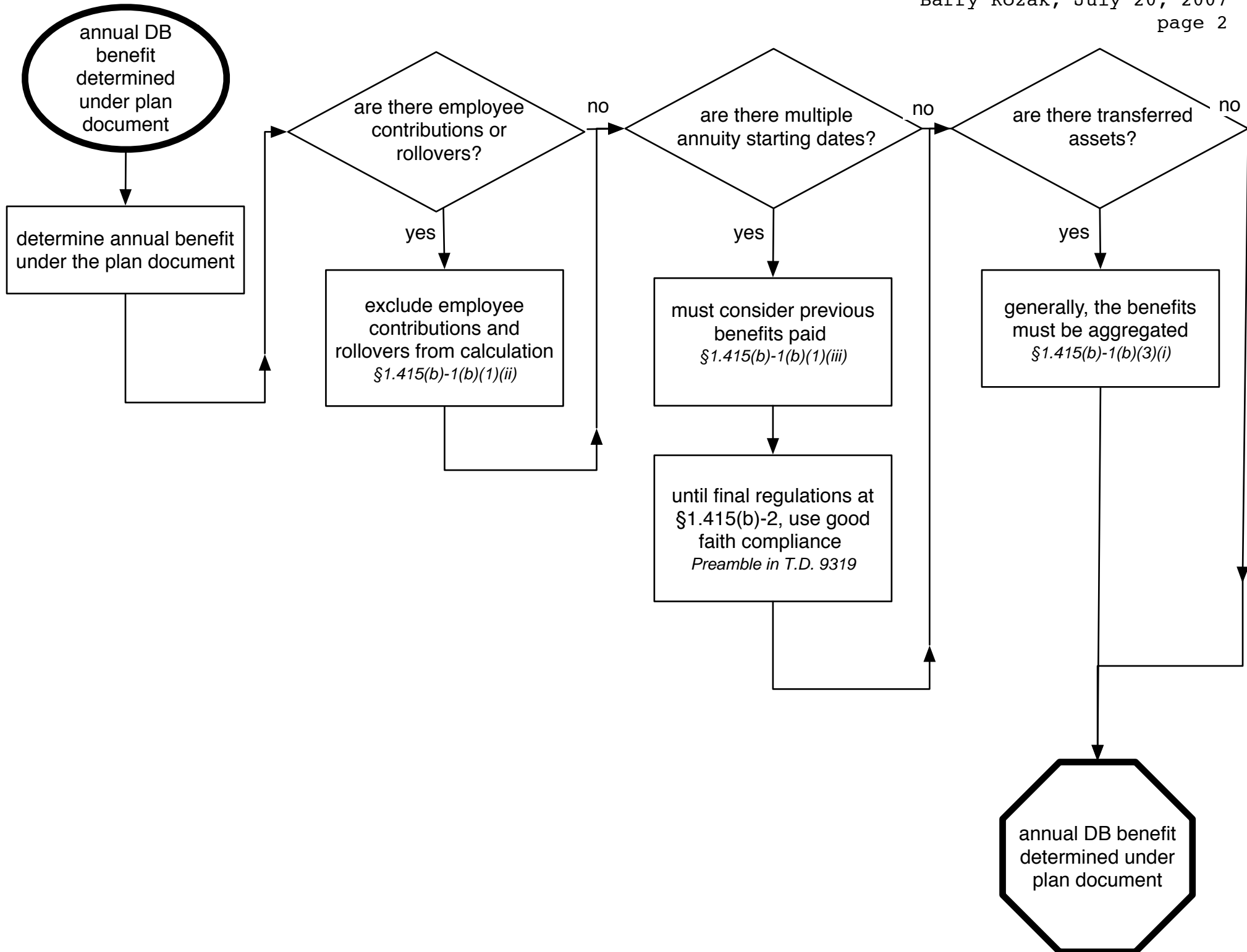


LESSER OF

annual DC  
allocation  
determined  
under plan  
document

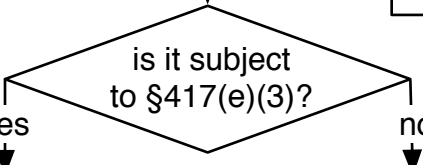
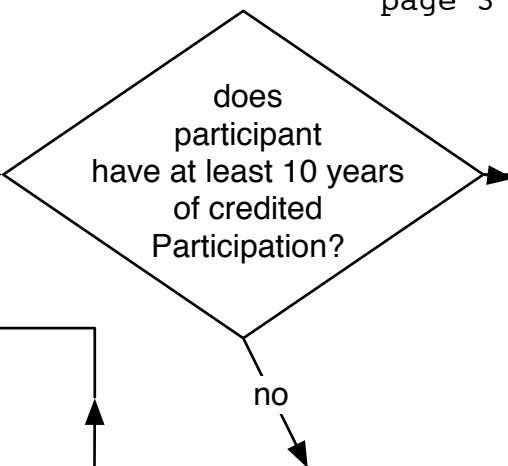
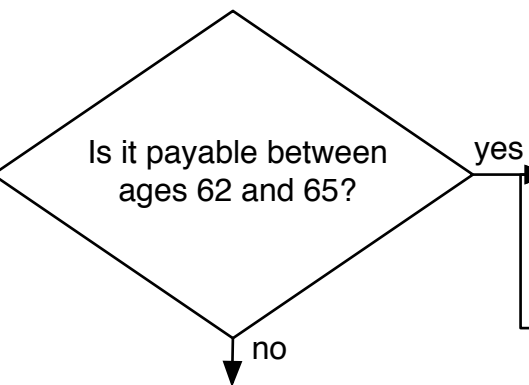
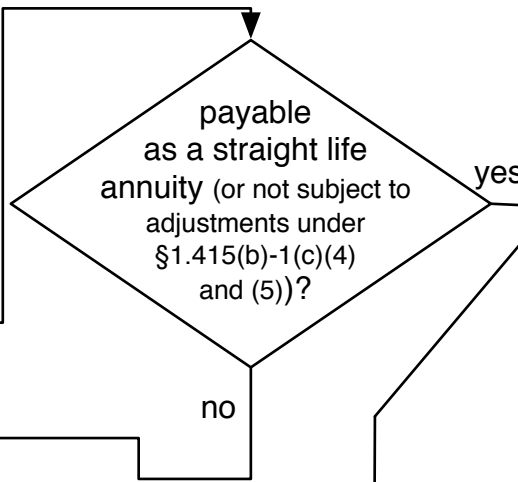
§415(c)(1)(A)  
Dollar  
limit for DC  
Plans

§415(c)(1)(B)  
Compensation  
limit for DC  
Plans



§415(b)(1)(A)  
Dollar  
limit for DB  
Plans

Annual Benefit is  
\$160,000, as adjusted  
under  
§415(d)



greater of  
plan straight life annuity  
equivalent payable at the  
same annuity starting date  
or  
equivalent SLA using  
5.5% interest and  
applicable mortality  
or  
equivalent SLA using  
applicable interest and  
applicable mortality and  
then divided by 1.05  
§1.415(b)-1(c)(2); look at all  
12 examples at  
§1.415(b)-1(c)(6) for a  
complete understanding  
see special rules for  
ASDs in  
2004 or 2005

greater of  
plan straight life annuity  
equivalent payable at the  
same annuity starting date  
or  
equivalent SLA using 5%  
interest and applicable  
mortality  
§1.415(b)-1(c)(2); look at all  
12 examples at  
§1.415(b)-1(c)(6) for a  
complete understanding

is it payable  
before age 62?

yes

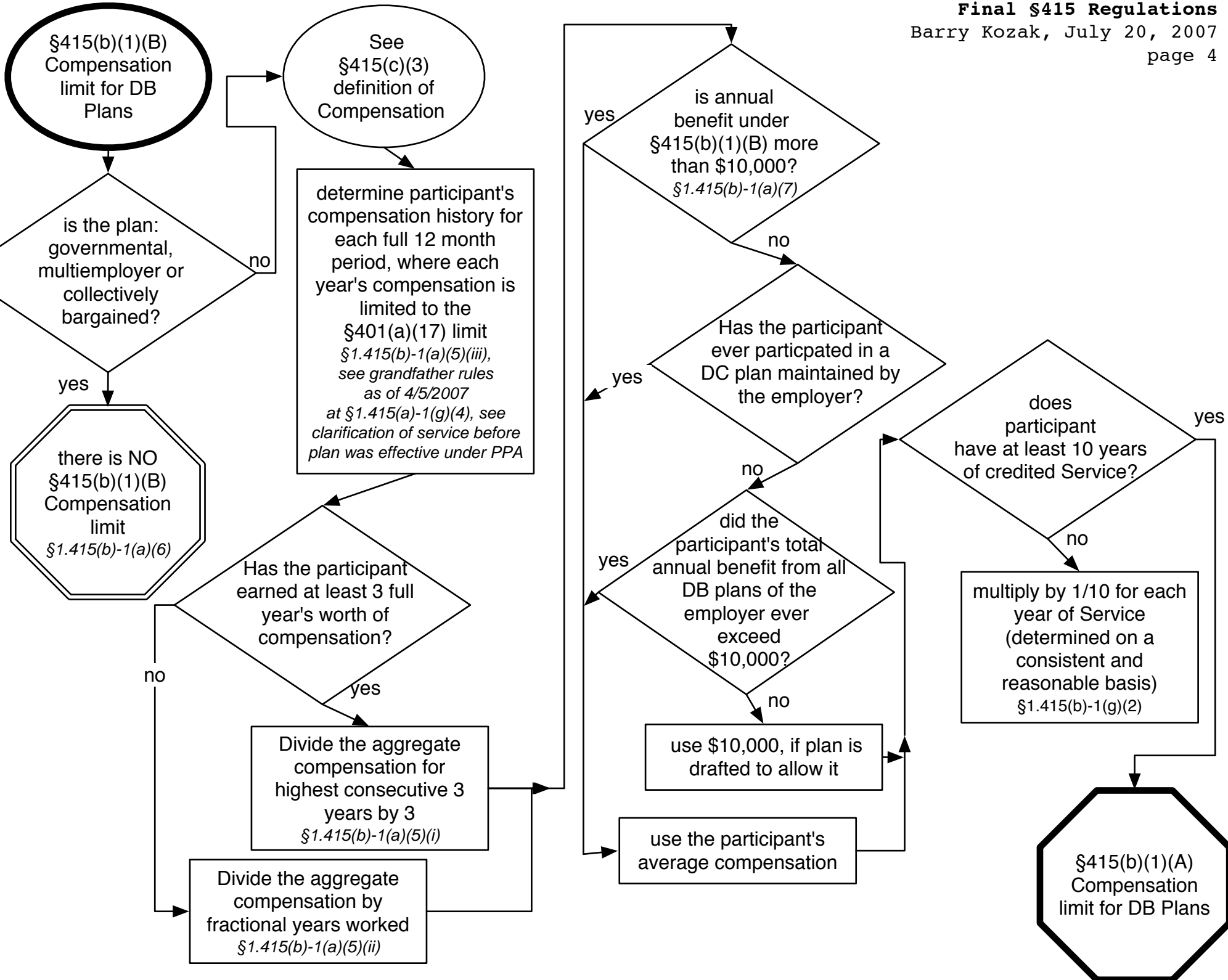
no

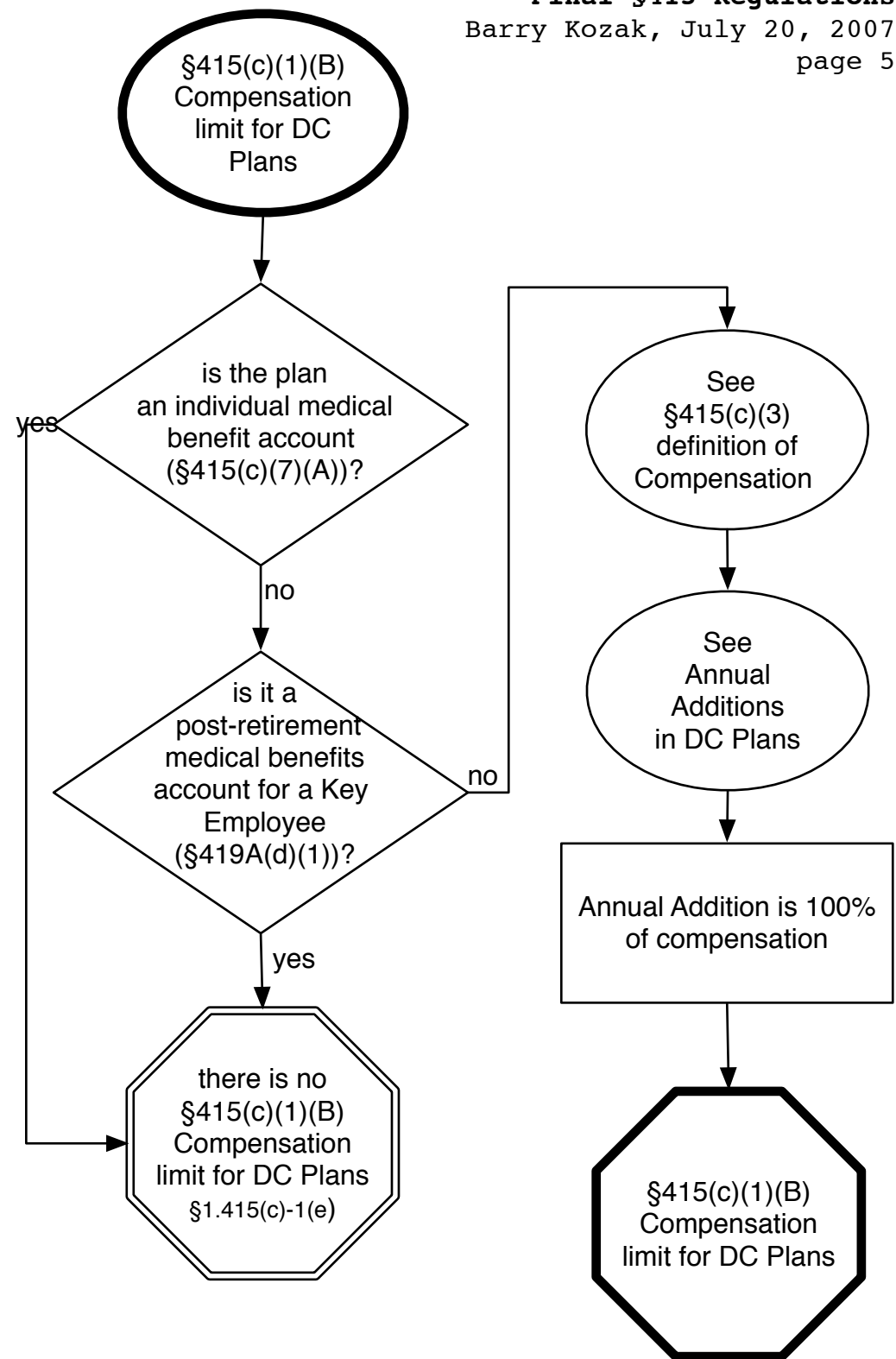
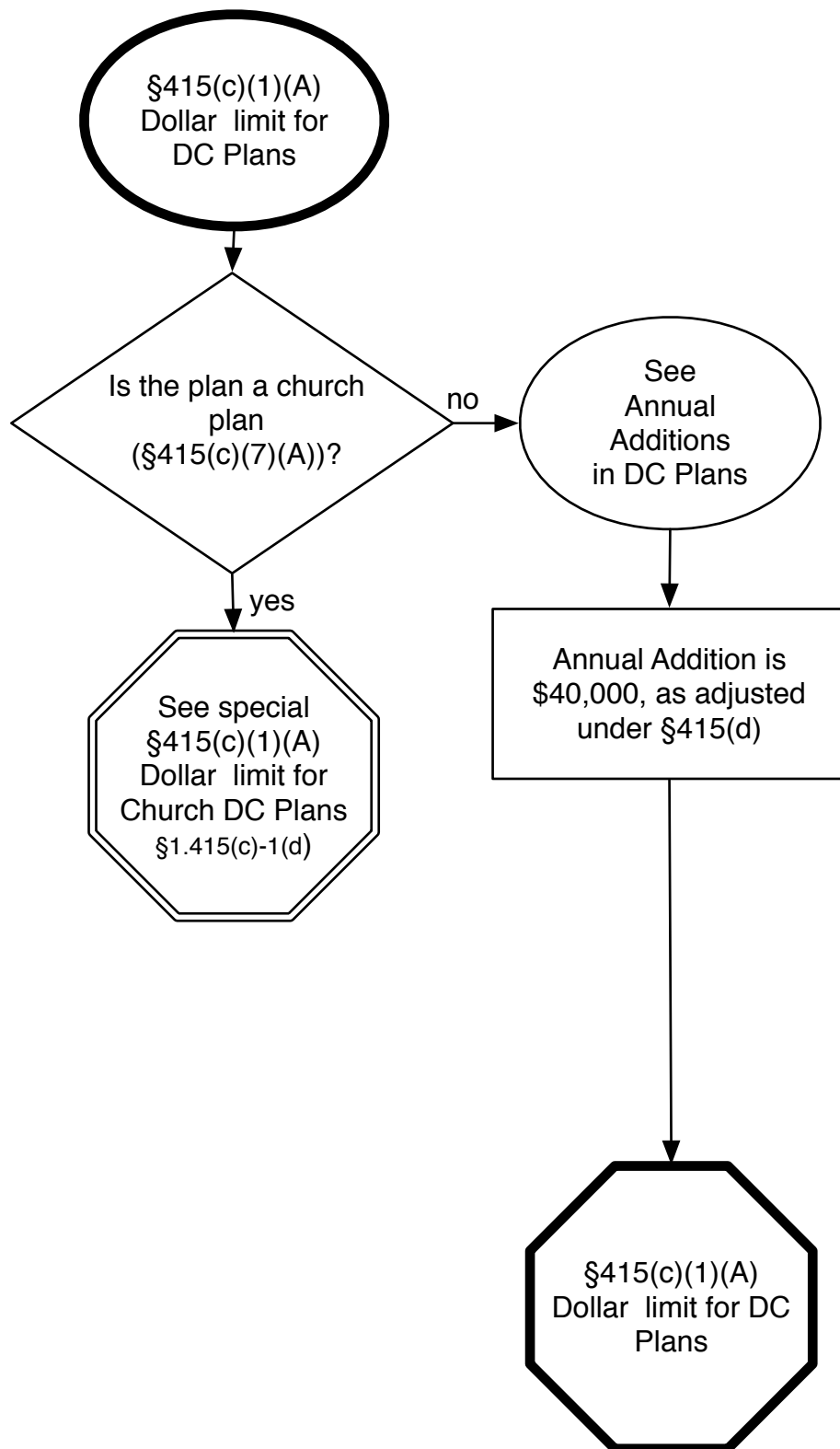
lesser of  
Dollar limit adjusted  
using 5% interest and  
applicable mortality  
or  
Dollar limit multiplied by  
Adjustment Ratio (plan  
Ret. Age benefit / plan  
Age 62 benefit)  
§1.415(b)-1(d)(1),  
look at all 6 examples at  
§1.415(b)-1(d)(7) for a  
complete understanding  
See special rules for  
mortality adjustments -  
no mortality for benefits  
that are nonforfeitable  
See special rules for  
governmental plans and  
for airline pilots

lesser of  
Dollar limit adjusted  
using 5% interest and  
applicable mortality  
or  
Dollar limit multiplied by  
Adjustment Ratio (plan  
Ret. Age benefit / plan  
Age 65 benefit)  
§1.415(b)-1(e)(1),  
look at all 3 examples at  
§1.415(b)-1(e)(4) for a  
complete understanding  
See special rules for  
mortality adjustments -  
no mortality for benefits  
that are nonforfeitable

multiply by 1/10 for each  
year of Participation  
(enough elapsed time to  
accrue a benefit and  
eligible for at least one  
day in the period)  
§1.415(b)-1(g)(1)

§415(b)(1)(A)  
Dollar  
limit for DB  
Plans





Annual Additions in DC Plans

Is the plan an ESOP plan as described at (§1.415(c)-1(f))?

yes

See special Annual Addition rules for such ESOP Plans §1.415(c)-1(f)

An Annual Addition consists of (1) employer contributions; (2) employee contributions; and (3) forfeitures §1.415(c)-1(b)(1)(i), look at all 5 examples at §1.415(c)-1(c) for a complete understanding

excess contributions under §401(k)(8)(B) are considered as AAs §1.415(c)-1(b)(1)(ii)

direct transfers, reinvested ESOP dividends, repaid distributions, catch-up contributions, restorative payments (subject to a risk for breach of fiduciary duty), excess deferrals, rollover contributions, loan repayments, governmental plan buy backs, and employee contributions to a COLA arrangement are not considered as AAs §1.415(c)-1(b)(1)(iii) & (iv), -1(b)(2), and -1(b)(3)

Employer contributions are those allocated during the limitation year and contributed within 30 days of due date for deduction §1.415(c)-1(b)(6)(i)(A) & (B)

corrective contributions, late contributions to a Money Purchase plan and USERRA catch-up contributions are AAs for the LY to which they relate (not when made) §1.415(c)-1(b)(6)(ii)

Annual Additions in DC Plans

