



FOR IMMEDIATE RELEASE
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Nevada's Washoe County Renews \$144.6 Million Retirement Savings Plan With MassMutual Retirement Services

County sponsors 457(b) and 401(a) defined contribution plans for the county's employees

ENFIELD, Conn. – Nevada's Washoe County renewed MassMutual Retirement Services as the recordkeeper for two defined contribution retirement plans with \$144.6 million in combined recordkeeping assets for 2,245 participants as of Sept. 30, 2015. The new recordkeeping agreement runs through December 2020.

Washoe County sponsors a 457(b) plan with \$135.4 million in assets and a 401(a) plan with \$9.2 million in assets. Of the active county employees eligible for the plan, approximately 70 percent participate.

"We are pleased to continue serving as the retirement plan provider for Washoe County and its employees," said Elaine Sarsynski, Executive Vice President of MassMutual Retirement Services & Worksite Insurance. "We pledge to continue doing our utmost to deploy all of our resources to help county employees prepare to retire on their own terms."

"MassMutual Retirement Services has been effective in helping Washoe County employees prepare for retirement and make the most of their retirement plans," said Ashley Farmer, Benefits Manager for the County. "The majority of our employees participate in the county's retirement savings plans and, with MassMutual's help, we hope all of our employees will avail themselves of this important benefit and retire in comfort."

The retirement savings plans are available to county employees who work in the Social Services, Sheriff's Office, District Attorney, District Health, Roads, Animal Services, Senior Services, Libraries and other departments. Washoe County is located on the eastern slopes of the Sierra Nevada Mountains bordering California and Oregon.

MassMutual serves more than 35,000 retirement plan sponsors nationwide with approximately three million participants and \$155 billion in recordkeeping assets.

For more information about MassMutual's Retirement Services Division, please contact your financial professional or call MassMutual at 1-800-874-2502, option 4.

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For more information, visit www.massmutual.com or find MassMutual on Facebook, Twitter, LinkedIn, YouTube, Google+ and Pinterest. For information regarding MassMutual's Retirement Services Division, you may also visit massmutual.com/retire or find us on [Facebook.com/RetireSmart](https://www.facebook.com/RetireSmart) and [YouTube.com/RetireSmart](https://www.youtube.com/RetireSmart).

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MassMutual's Regulatory Advisory Services



IRS and Social Security Limits for 2016

In general, the pension plan limitations will not change for 2016 because the increase in the cost-of-living index did not meet the statutory thresholds that trigger an adjustment.

A comparison of IRS 2016 and 2015 limits

	2016	2015
Limit on Elective Deferrals	\$ 18,000	\$ 18,000
Limit on Catch-up Contributions for Workers Aged 50 or Older (401(k), 403(b) ¹ and most 457 plans)	\$ 6,000	\$ 6,000
457 Pre-Retirement Catch-Up Limit	\$ 18,000	\$ 18,000
Limit on Annual Compensation	\$ 265,000	\$ 265,000
Annual Compensation Limit for Certain Eligible Governmental Plans	\$ 395,000	\$ 395,000
Highly Compensated Employee On the Basis of Income	\$ 120,000	\$ 120,000
Key Employee Top Heavy Limit	\$ 170,000	\$ 170,000
Defined Benefit Plan IRC §415 Limit on Benefits	\$ 210,000	\$ 210,000
Defined Contribution Plan IRC §415 Dollar Limit	\$ 53,000	\$ 53,000

¹ There is a 403(b) catch-up limit of \$3,000 which is not indexed annually. For more information, see the 15-year Catch-up Contributions in 403(b) plans definition.

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IRS Plan Limit Definitions

Elective Deferrals: Are amounts that employees elect to contribute to a plan out of their compensation – these amounts are paid directly to the retirement account by the employer, on behalf of the employee, through a salary reduction agreement. These amounts are subject to the IRC 402(g) limit that defines the maximum amount of elective deferrals that can be made to a 401(k), SIMPLE plan, or 403(b) plan by a participant. If participating in more than one cash or deferred arrangement, this limit applies to the aggregate of the amounts contributed (excluding 457(b) plans). For 457(b) plans, a participant has a separate deferral limit, and is not combined with deferrals made to a 403(b) or other plans. Deferrals cannot exceed compensation.

Age 50 Catch-up Contributions: If permitted by a 401(k), 403(b) and governmental/public 457 plans, individuals who are age 50 or over at the end of the calendar year can make catch-up contributions. Elective deferrals are not treated as catch-up contributions until they exceed the IRS indexed amount for elective deferrals or the ADP test limit or the plan limit (if any). Plan participants must make catch-up contributions to a retirement plan via elective deferrals.

15-year Catch-up Contributions in 403(b) Plans: If permitted by the plan, this dollar limit is available to employees of qualified organizations who have completed 15 or more years of service with the employer, provided the employee has contributed, on average, less than \$5,000 per year to the plan. A lifetime maximum of \$15,000 applies to each eligible employee. Special rules apply for calculating and coordinating this catch-up and the age 50 catch-up contributions limit.

Special 457(b) Catch-up Contributions: If permitted by the plan, this maximum dollar limit is available in each of the three years preceding the year the employee reaches normal retirement age, provided the employee has not utilized the maximum amount of regular annual deferrals in prior years. Eligible employees can utilize the greater of the age 50+ catch-up or the pre-retirement catch-up in a given year, but not both.

Annual Compensation limit: The amount of compensation that can be taken into account when determining employer and employee contributions is limited.

Annual Compensation Limit for Certain Grandfathered Governmental Plans: This dollar limit is taken into account for most contribution allocation (and benefits) and testing purposes for certain participants of grandfathered governmental plans. Compensation above this limit is not considered for most plan purposes.

“Highly Compensated Employee” (HCE): An individual is an HCE if he or she has been a “more than 5-” owner of the business sponsoring the plan at any time during the current or prior (lookback) plan year; or, is an individual who, for the preceding year, received compensation from the business in excess of the HCE dollar limit (indexed) and, if the employer so chooses, was in the top 20% of employees when ranked by compensation.

“Key Employee” for Top Heavy Testing Purposes: A key employee is generally any employee (including former or deceased employees) who, at any time during the preceding plan year was: 1) an officer of the employer making over **an indexed dollar amount (as announced by the IRS) in compensation from the employer**; a “more than 5%” owner of the employer, or an employee owning more than 1% of the employer and making over \$150,000 (**not an indexed amount**) in compensation from the employer. The number of officers considered key employees is limited to the greater of three or 10% of all employees (not to exceed 50).

Defined Benefit plan limit on benefits (IRC §415): The annual benefit for a defined benefit plan participant cannot exceed the lesser of: 1) 100% of the participant’s average compensation for his or her highest three consecutive calendar years; or 2), **an indexed dollar amount (as announced by the IRS)**.

Defined Contribution annual additions limit on contributions (IRC §415): The total annual contribution limit (employer and employee) cannot exceed 100% of compensation or an **indexed dollar amount** (as announced by the IRS). Annual additions include (a) employer contributions (which, for this purpose includes designated Roth contributions and elective deferrals, other than catch-up contributions), employee (after-tax) contributions and forfeitures allocated to a participant’s account.

2016 Social Security Amounts

With consumer prices down over the past year, the Social Security Administration announced on October 15 that there will not be an automatic increase in the cost of living adjustment (“COLA”) for retirees. The Social Security Act provides for an automatic increase if there is an increase in inflation as measured by the Consumer Price Index. As determined by the Bureau of Labor Statistics, there was no increase in the applicable CPI from the third quarter of 2014 to the third quarter of 2015. Under existing law, there can be no COLA for 2016.

Other adjustments that would normally take effect based on changes in the national wage index will also not take effect in January 2016. Since there is no COLA, the statute also prohibits a change in the maximum amount of earnings subject to the Social Security tax.

The Social Security COLA is 0 percent for 2016.

- The Social Security Taxable wage base will continue to be \$118,500 in 2016.
- The FICA tax (OASDI and Medicare) payable by both employees and employers remains 7.65% up to the taxable wage base, and 1.45% (Medicare) thereafter. This 1.45% rate does not reflect the additional 0.9 percent in Medicare taxes certain high-income taxpayers are required to pay.

- The Social Security (OASDI) tax, assessed up to the taxable wage base, remains 6.2% for employers and 6.2% for employees. (The workers’ percentage of the OASDI portion of Social Security taxes for workers that was reduced to 4.2% in 2011 was discontinued, effective January 1, 2013.)
- The 1.45% Medicare (HI) tax continues to apply to all earnings.
- The cost-of-living increase in Social Security benefits is 0%.

MassMutual’s Regulatory Advisory Services

If you have questions about the information in this regulatory alert or wondering what your “next steps” might be with respect to **Qualified Plan Limits for 2016**, please contact your MassMutual representative and/or MassMutual’s Regulatory Advisory Services.

This document is for informational purposes only and should not be construed as legal and/or tax advice. Please consult with your own legal counsel and other experienced advisors regarding the application of the matters described herein to your specific circumstances.



