

Fiduciary Commentary

Fall 2017



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THE NORTH PIER *spective*

IRS Announces 2018 Cost-of-Living Adjustments

On October 13, 2017 the IRS announced this year's retirement-related cost of living adjustments. There were some minor increases as illustrated below.

Plan Limitations	2018	2017
401(k) / 403(b) Salary Deferral Limit	\$ 18,500	\$ 18,000
Age 50 Catch-up Contribution limit for 401(k), 403(b), and 457 Plans	\$ 6,000	\$ 6,000
Maximum Compensation Limit	\$ 275,000	\$ 270,000
Social Security Taxable Wage Base	\$ 128,700	\$ 127,200
Individual Retirement Accounts		
IRAs for individuals age 50 and below	\$ 5,500	\$ 5,500
IRAs for individuals age 50 and above	\$ 6,500	\$ 6,500
Highly Compensated Employees		
Compensation in Excess of:	\$ 120,000	\$ 120,000
Top Heavy/Key Employees		
Officer having greater annual compensation from the employer greater than:	\$ 175,000	\$ 175,000
415 Limits		
Defined Benefit Plan dollar limit:	\$ 220,000	\$ 215,000
Defined Contribution Plan dollar limit:	\$ 55,000	\$ 54,000

Fiduciary Rule Delayed... Here We Go Again

The DOL recently announced an update to the transition relief period of the DOL Fiduciary Rule. On November 29th, 2017, an 18-month extension will be given to the special transition relief period of the Fiduciary Rule, originally scheduled for January 1st, 2018, and is now extended to July 1st, 2018.

The delay doesn't impact the parts of the fiduciary rule that are already in force by June 9th, 2017, including the "new" definition of what a fiduciary is. However, certain elements of the Best Interest Contract Exemption, the Principal Transaction Exemption, and amendments to Prohibited Transaction Exemption 84-24 are deferred until the new effective date (if not amended during the transition period).

During the transition period, the DOL has stated it will reexamine the rule and its exemptions to identify any necessary changes, in coordination with other regulatory agencies including the SEC, FINRA, and state insurance commissioners regarding the Rule. What does this extension period really mean? It means that stakeholders from both sides of this issue will continue to debate how to change the rule. North Pier anticipates that the DOL will use the extended Transition Period to propose changes to the exemptions and possibly to the Fiduciary Rule itself. Clearly, interested parties on both sides are ready for battle. Stay tuned....