



# PENSION ANALYST COMPLIANCE BULLETIN



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## Puerto Rico cost-of-living adjustments for 2020

On December 28, 2019, the Secretary of the Puerto Rico Treasury Department (“Hacienda”) announced the 2020 cost-of-living adjustments to certain Puerto Rico plan limits in Circular Letter of Internal Revenue No. 19-17. Consistent with the plan limits and thresholds under the U.S. Internal Revenue Code (U.S. Code), many 2020 Puerto Rico limits and thresholds have increased from 2019 and others are unchanged.

	U.S. 2020 Limit	Puerto Rico 2020 Limit
Defined Contribution Limitation (Annual Additions)	\$57,000	\$57,000
Defined Benefit Limitation	\$230,000	\$230,000
Annual Compensation Limit	\$285,000	\$285,000
Annual Deferral Limit for 401(k) Plans	\$19,500	Dual Qualified Plans: \$19,500 Puerto Rico-only Plans: \$ 15,000
Annual Catch-Up Deferral Limit	\$ 6,500	\$ 1,500
Threshold Amount for Determining Key Employees: Officers Earning More Than	\$185,000	Not applicable
Threshold Amount for Determining HCEs in Lookback Year: Employees Earning More Than	\$130,000	\$130,000
Threshold Amount for Determining HCEs in Lookback Year: Employees in Top 20% Earning More Than	\$130,000	\$130,000

In addition, Puerto Rico participants in both dual-qualified plans and Puerto Rico-only qualified plans are subject to a limit on after-tax contributions. For 2020, this limit remains 10% of the employee’s aggregate compensation during the time the employee is a plan participant.

### Compliance Bulletin by Prudential Retirement

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