

2018 Employee Benefits Planning Items

Monday, February 12, 2018

Plan sponsors should include the following items in their 2018 employee benefits planning:

- **Mortality Tables.** The IRS recently issued new mortality tables that apply to defined benefit plans in 2018. The new tables have lower mortality rates than the current table, and will likely increase pension plan funding liabilities and Pension Benefit Guaranty Corporation premiums.

Plan sponsors must use the new tables for purposes of calculating lump-sum and other accelerated distributions with annuity starting dates on or after January 1, 2018.

However, plan sponsors may opt to delay use of the new tables for one year for purposes of the minimum funding calculations if the plan sponsor: (1) concludes that for 2018, use of the new tables would be administratively impracticable or would result in an adverse business impact that is greater than de minimis; and (2) notifies the plan actuary of the plan's intent to delay. "De minimis" is not defined in the regulations.

The IRS also permits a plan sponsor to use, once approved, an alternative mortality table based on the plan's own participant population. The plan-specific table must meet certain requirements outlined in regulations that are based on credible mortality information for the plan. Larger plan sponsors should consider discussing this alternative with their plan actuaries.

- **Disability Claims and Appeals.** The Department of Labor has delayed the effective date of the revised disability claims and appeals requirements. The new rules now apply to disability claims filed under ERISA benefit plans after April 1, 2018.

Significantly, the new rules apply to all ERISA plans (i.e., disability plans in addition to 401(k) plans, pension plans, nonqualified plans, ERISA-covered severance plans, and health and welfare plans) that provide for a disability benefit, if the disability determination is made under the plan. However, if a third party makes the disability determination, the rules do not apply (e.g., if the Social Security Administration makes the determination of disability or if the employer's retirement plan simply relies on the long-term disability plan's decision of disability as proof of disability).

All ERISA plans that provide for a disability benefit should be reviewed to confirm whether the disability determination is made under the plan and whether any plan amendments will be necessary. Because the new rules, among other things, require plan administrators to make additional disclosures for disability claims, both initial notices and notices on review of a denial of a disability benefit claim under a plan to which the new rules apply will need to be revised.

- **IRS Limits.** IRS limits will increase in 2018 for the following:



Article By [Drinker Biddle & Reath LLP](#)
[Karen E. Gelula Publications](#)

[Labor & Employment](#)
[Tax](#)
[All Federal](#)

401(k)/403(b) elective deferral maximum	\$18,500	\$18,000
§415 defined benefit dollar maximum	\$220,000	\$215,000
§415 defined contribution annual addition maximum	\$55,000	\$54,000
§457(b) nonqualified deferred compensation limit	\$18,500	\$18,000
§401(a)(17) annual compensation limit	\$275,000	\$270,000
§414(q) highly compensated employee limit	\$120,000	\$120,000
§414(v) catch-up contribution limit	\$6,000	\$6,000
§416(i) top-heavy officer limit	\$175,000	\$175,000

- Hurricane Maria Relief. The Puerto Rico Treasury Department issued Administrative Determination No. 17-29 to provide Hurricane Maria-related relief for participants in retirement plans qualified under Puerto Rico law or dual-qualified under U.S. law. Sponsors who implement the relief may permit participants to request distributions to cover losses or expenses incurred because of Hurricane Maria and/or may permit plan loans even though the terms of the plan do not allow for loans. To the extent that plan sponsors implement the relief, plans will need to be amended by December 31, 2018.
- Form 5310 Fees. The user fee for a Form 5310 filing (a determination letter application for a terminating plan) has increased from \$2,300 to \$3,000.

© 2019 Drinker Biddle & Reath LLP. All Rights Reserved

Source URL: <https://www.natlawreview.com/article/2018-employee-benefits-planning-items>