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The "Total" Advisor

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Brought to you by: Total Insurance Services, Inc.

Many Retirement Plan Limits Will Change for 2013

The Internal Revenue Service (IRS) has [announced cost-of-living adjustments](#) affecting dollar limitations for pension plans and other retirement-related items for tax year 2013.

Federal tax law provides for dollar limitations on benefits and contributions under qualified retirement plans, and requires that the limits be adjusted annually for cost-of-living increases. In general, many of the retirement plan limitations will change for 2013 because the increase in the cost-of-living index met the statutory thresholds that trigger their adjustment. However, other limitations will remain unchanged.

Highlights include:

- **The elective deferral (contribution) limit for employees who participate in 401(k), 403(b), and most 457 plans is increased from \$17,000 to \$17,500.**
- The catch-up contribution limit for those aged 50 and over remains unchanged at \$5,500.
- **The limit on annual contributions to an individual retirement arrangement (IRA) rises to \$5,500, up from \$5,000 in prior years.**
- The deduction for taxpayers making contributions to a traditional IRA is phased out for singles and heads of household who are covered by a workplace retirement plan and have modified adjusted gross incomes between \$59,000 and \$69,000, up from \$58,000 and \$68,000 in 2012. For married couples filing jointly, in which the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phase-out range is \$95,000 to \$115,000, up from \$92,000 to \$112,000. For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$178,000 and \$188,000, up from \$173,000 and \$183,000.

For More Information

Other limitations applicable to deferred compensation plans are also affected by these adjustments. The IRS press release announcing the changes includes [more details on both the adjusted and unchanged limitations](#). You may also view the IRS [cost-of-living adjustment table](#). For more on retirement planning in general, please visit our section on [Retirement Plans](#).

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Holiday Time Off: 3 Q&As for Employers

The holiday season is approaching and you may be wondering whether your company is required to provide time off or holiday pay. Here's a look at some frequently asked questions and answers.

1. Are employers required to provide employees time off for a holiday?

Although not generally required by federal or state law, many employers choose to grant employees time off for certain holidays or to close the business altogether on those days.

Companies with 15 or more employees are subject to [federal religious discrimination laws](#) and may need to allow employees time off for religious observance. Employers should also consult their state's nondiscrimination laws to learn if there are similar requirements for time off related to religious observances for employers of fewer than 15 employees.

2. Do employers have to pay their employees if the business is closed for a holiday?

Federal law and most state laws do not require employers to pay employees if time off for holidays is granted. Whether or not employees are paid for holidays is generally a matter of company policy. Employers need to be careful when it comes to [exempt employees](#), though--as a general rule, if an exempt employee performs any work during a workweek, he or she must be paid the full salary amount.

3. What about employees scheduled to work on a holiday if the business remains open?

Extra compensation (above and beyond an employee's regular rate of pay) for work on holidays is also generally a matter of company policy, although employers must comply with any specific state law requirements regarding holiday pay. Although some companies pay employees at a special rate (such as time-and-a-half) for holiday shifts, generally an employee is only entitled to his or her regular pay, plus any overtime.

Remember that states will generally enforce an employer's written policy regarding holiday pay, so it's important to follow company policy and to apply the rules consistently and fairly to all employees. For questions about the specific requirements in your state, contact your [state labor department](#) or a knowledgeable employment law attorney. Our section on [Leave and Time Off](#) features more information on both mandatory and voluntary leave.



Social Security Benefits to Increase in 2013

Monthly Social Security and Supplemental Security Income (SSI) benefits will **increase 1.7 percent in 2013**, the [Social Security Administration has announced](#). The 1.7 percent cost-of-living adjustment (COLA) will begin with benefits that Social Security beneficiaries receive in January 2013, while increased payments to SSI beneficiaries will begin on December 31, 2012.

Certain other changes that take effect in January of each year are based on the increase in average wages. **Based on that increase, the maximum amount of earnings subject to the Social Security tax will increase to \$113,700 from \$110,100.** (Note also that the Social Security payroll tax cut, in effect since 2011, is set to expire under current law at the end of December 2012.)

For More Information

A [fact sheet](#) is available showing the effects of the various automatic adjustments. You can also

review [additional information regarding how the COLA is calculated](#). To learn more about Social Security benefits, please visit our section on [Social Security](#).

Election Day is November 6th--Are Your Employees Entitled to Voting Leave?

The presidential election is just days away and while federal law does not require that employers provide employees with time off to vote, most states do mandate some type of leave to vote. State laws requiring voting leave vary considerably in terms of an employer's obligations, especially with respect to:

- The amount of leave time required;
- Whether the leave must be paid; and
- What notices, if any, the employer must provide to its employees.

Our [State Laws](#) section provides the information you need to determine how much voting time, if any, you're required to give your employees on Election Day. Simply click on your state of interest and find the "Voting Leave" item under "Employee Leave" in the left-hand navigation.

Review Your Company Policy

Keeping state law requirements in mind, consider the following when creating or reviewing your voting leave policy:

- Make sure your leave provisions are clear and unambiguous. Will your policy apply only to federal and state elections? What about primaries and local elections?
- If allowed, will you designate a fixed number of hours of permitted leave time? If so, consider whether a majority of your employees will need to drive a substantial distance to reach their voting sites and allow for adequate time to get to and from the polls (and for standing in line).
- Decide whether the leave will be paid or unpaid, if not specified by law. Will your company only pay up to a certain number of hours or for the entire time the employee is on leave? (Keep in mind that [exempt employees](#) generally must be paid their full salary amount.)
- To minimize disruptions to the workday, consider whether your employees should provide you with advance notice of their intent to take voting leave so that you can stagger leave times and minimize the possibility that too many employees will be out at the same time.

Apply your policy consistently and fairly to all employees and be sure to notify all employees of the policy. This can be done by email or by posting a notice where all employees can see it, as well as including the policy in your employee handbook, if your company distributes one.

Survey Reports Limited Employer Interest in Health Insurance Exchanges

According to a recent survey by the non-profit [Midwest Business Group on Health](#), only 9% of employers surveyed expected to participate in state health insurance exchanges when they begin in 2014. [Exchanges](#) are state-based competitive marketplaces, established under Health Care Reform, where individuals and small businesses will be able to purchase private health insurance

beginning in 2014.

HSAs and HRAs Among Plan Options

More than half of employers surveyed (57%) reported that they currently offer some type of consumer directed health plan, such as a [health savings account](#) (HSA) or [health reimbursement arrangement](#) (HRA), as a plan option. Employer responses indicated this percentage will increase to 62% in 2013 and 71% through 2018.

Both large and small companies from a variety of industries participated in the survey, which was [conducted in collaboration with The Benfield Group](#) (a health care market research, strategy, and communications firm), including fully-insured and self-insured employers. You may review our featured [Benefits Trends and Benchmarking Tools](#) for more information on strategic planning.

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