

Alert

Retirement Plan Dollar Limits Get a Boost for 2012

October 21, 2011

The Internal Revenue Service announced the cost-of-living adjustments applicable to the dollar limitations for qualified retirement plans that will allow employees to increase their retirement savings for 2012. We have highlighted some of the new limits in the table below, comparing the new limits to the limits of the prior seven years. Many of the limits had remained unchanged for several years, but the cost-of-living index has now met the statutory thresholds, which has triggered the following adjustments for 2012:

IRS LIMITS	2005	2006	2007	2008	2009 2010 2011	2012
Elective Deferral Limit for 401(k), 403(b) and 457(b) Plans IRC § 402(g)(1) & § 457(e)(15)	\$14,000	\$15,000	\$15,500	\$15,500	\$16,500	\$17,000
Catch-Up Contribution Limit for Age 50+ IRC § 414(v)(2)(B)(i)	\$4,000	\$5,000	\$5,000	\$5,000	\$5,500	\$5,500
Annual Compensation Limit IRC §§ 401(a)(17), 404(l), 408(k)(3)(C)	\$210,000	\$220,000	\$225,000	\$230,000	\$245,000	\$250,000
Highly Compensated Employee Limit for Compensation in Prior Year IRC § 414(q)(1)(B)	\$95,000	\$100,000	\$100,000	\$105,000	\$110,000	\$115,000
Defined Benefit Plan Dollar Limit IRC § 415(b)(1)(A)	\$170,000	\$175,000	\$180,000	\$185,000	\$195,000	\$200,000
Defined Contribution Plan Limit IRC § 415(c)(1)(A)	\$42,000	\$44,000	\$45,000	\$46,000	\$49,000	\$50,000
Key Employee Limit IRC § 416(i)(1)(A)(i)	\$135,000	\$140,000	\$145,000	\$150,000	\$160,000	\$165,000
Social Security Taxable Wage Base	\$90,000	\$94,200	\$97,500	\$102,000	\$106,800	\$110,100

Employers and sponsors of qualified retirement plans should look to implement the increased limits for 2012. If you have any questions about the new limits or any other employee benefit matters, please feel free to contact the authors of this *Alert*, or your attorney at Schulte Roth & Zabel, for assistance in updating your enrollment materials, summary plan descriptions, employee handbooks and other employee communications.

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