

Alert

Retirement Plan Dollar Limits Increase for 2013

October 19, 2012

The Internal Revenue Service has 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 2013. This *Alert* highlights some of the new limits, comparing them to the limits of the prior five years. The Consumer Price Index for all Urban Consumers is the benchmark used to determine if the limits increase. Many of the 2012 dollar limits will increase because the thresholds to trigger adjustments for 2013 have been met, as highlighted in bold in the chart below:

IRS LIMITS	Internal Revenue Code Section	2008	2009 2010 2011	2012	2013
Elective Deferral Limit for 401(k), 403(b) and 457(b) Plans	§ 402(g)(1) § 457(e)(15)	\$15,500	\$16,500	\$17,000	\$17,500
Catch-Up Contribution Limit for Age 50+	§ 414(v)(2)(B)(i)	\$5,000	\$5,500	\$5,500	\$5,500
Annual Compensation Limit for Qualified Plans	§ 401(a)(17), § 404(l), § 408(k)(3)(C)	\$230,000	\$245,000	\$250,000	\$255,000
Highly Compensated Employee Limit	§ 414(q)(1)(B)	\$105,000	\$110,000	\$115,000	\$115,000
Defined Benefit Plan Dollar Limit	§ 415(b)(1)(A)	\$185,000	\$195,000	\$200,000	\$205,000
Defined Contribution Plan Limit	§ 415(c)(1)(A)	\$46,000	\$49,000	\$50,000	\$51,000

Key Employee Limit	§ 416(i)(1)(A)(i)	\$150,000	\$160,000	\$165,000	\$165,500
Social Security Taxable Wage Base		\$102,000	\$106,800	\$110,100	\$113,700

Employers and sponsors of qualified retirement plans should look to implement the new limits for 2013. We are available to advise you on updating your enrollment materials, summary plan descriptions, employee handbooks and other employee communications.

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If you have any questions about the new limits or any other employee benefit matters, please contact your attorney at Schulte Roth & Zabel or one of the authors.

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