

## Retirement Plan Limits for 2012 Announced

On October 20, the Internal Revenue Service announced the cost-of-living adjustments that will be applied to the dollar limits in all tax-qualified retirement plans in 2012. The limits apply to calendar year plans, if you have an off-calendar plan year end, contact your plan administrator to see if there are any changes to your plan.

### Defined Benefit Plan Limits

The limitation on the annual benefit under a defined benefit plan is increased from \$195,000 to **\$200,000**.

### Defined Contribution Plan

#### *Individual Contributions*

The limitation on contributions made on behalf of an individual to a defined contribution plan is increased from \$49,000 to **\$50,000**. Individuals will still be limited to contributions of 100% of compensation or \$50,000, whichever is less.

#### *401(k) Deferrals*

This dollar limitation on employee deferrals into 401(k) plan is increased from \$16,500 to **\$17,000**. This is a calendar year limit regardless of plan year end.

#### *Catch-Up Contributions*

For individuals age 50 and over, the catch-up contribution remains unchanged at **\$5,500**. This is a calendar year limit regardless of plan year end.

### Annual Compensation Limits

The maximum annual compensation that may be recognized by a plan is increased from \$245,000 to **\$250,000**.

### Key Employees

The dollar limitation for determining whether an employee is “Key” for officers in a top-heavy plan will increase from \$160,000 to **\$165,000**.

### Highly Compensated Employees

The dollar limitation on compensation used to determine which employees are considered highly compensated is increased from \$110,000 to **\$115,000**.

Thus, employees who earn in excess of \$110,000 in the plan year beginning in 2011 will be considered highly compensated for the plan year beginning in 2012 and employees who earn in excess of \$115,000 in 2012 will be considered highly compensated employees in 2013.