

Focus on 457SM

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IRS Announces Retirement Plan Limits for 2012

On October 20, 2011 in IR-2011-103, the Internal Revenue Service (IRS) announced the cost-of-living adjustments applicable to dollar limitations for pension and defined contribution plans for tax year 2012. The 2012 limits of particular interest to governmental plans include:

- The limit on elective deferrals, including pre-tax and Roth contributions, into 401(k), 403(b) and 457(b) plans, increases to \$17,000 from \$16,500.
- The age 50 catch-up amount for participants aged 50 and above will remain at \$5,500.
- The annual additions limitation for defined contribution plans under Section 415(c)(1)(A) increases to \$50,000 from \$49,000.
- The limitation on the annual benefit under a defined benefit plan under Section 415(b)(1)(A) increases to \$200,000 from \$195,000.
- For a participant who separated from service before January 1, 2010, the limitation under a defined benefit plan under Section 415(b)(1)(B) for 2012 is computed by multiplying the participant's 2011 compensation limitation by 1.0327.
- The annual compensation limit under Section 401(a)(17) increases to \$250,000 from \$245,000.
- The annual compensation limitation under Section 401(a)(17) for eligible participants in certain governmental plans that, under the plan as in effect on July 1, 1993, allowed cost-of-living adjustments to the compensation limitation under the plan under Section 401(a)(17) to be taken into account, increased to \$375,000 from \$360,000.

The following chart shows Selected Benefit and Contribution Limits from 2005 to 2012.

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Limitation Code Section	2012	2011	2010	2009	2008	2007	2006	2005
Elective Deferrals §§401(k)/403(b) §402(g)(1)	17,000	16,500	16,500	16,500	15,500	15,500	15,000	14,000
Elective Deferrals for §457(b) Plans	17,000	16,500	16,500	16,500	15,500	15,500	15,000	14,000
Special Catch-Up Limit	34,000	33,000	33,000	33,000	31,000	31,000	30,000	28,000
§§457(e)(15), 457(b)(3)								
Age 50+ Catch-Up §414(v)(2)(B)(i)	5,500	5,500	5,500	5,500	5,000	5,000	5,000	4,000
Defined Contribution Plan Limits §415(c)(1)(A)	50,000	49,000	49,000	49,000	46,000	45,000	44,000	42,000
Defined Benefit Plan Limits §415(b)(1)(A)	200,000	195,000	195,000	195,000	185,000	180,000	175,000	170,000
Annual Compensation Limit §401(a)(17), 404(l)	250,000	245,000	245,000	245,000	230,000	225,000	220,000	210,000
Highly Compensated Employee, §414(q)(1)(B)	115,000	110,000	110,000	110,000	105,000	100,000	100,000	95,000
SIMPLE Maximum Contribution §408(p)(2)(E)	11,500	11,500	11,500	11,500	10,500	10,500	10,000	10,000
Age 50+ SIMPLE Catch-up §414(v)(2)(B)(ii)	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,000
Key Employees §416(i)(1)(A)(i)	165,000	160,000	160,000	160,000	150,000	145,000	140,000	135,000
IRA/Roth Contribution Limit, §219(b)(5)(A)	5,000	5,000	5,000	5,000	5,000	4,000	4,000	4,000
IRA/Roth Catch-Up §219(b)(5)(B)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	500
Social Security Wage Base	110,100	106,800	106,800	106,800	102,000	97,500	94,200	90,000
Social Security Tax for Employees For Employers up to Wage Base	6.20%	4.20% 6.20%	6.20%	6.20%	6.20%	6.20%	6.20%	6.20%
Medicare Tax for Employees and employers – No Salary Limit	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%	1.45%

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