

EMPLOYEE BENEFITS ALERT

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IRS Announces Cost of Living Adjustment (COLA) Limits for 2011 Applicable to Qualified Retirement Plans

The Internal Revenue Service has announced that there will be no cost of living adjustments (COLA) applicable to dollar limitations for retirement plans for 2011. The limits that currently apply to the 2010 plan year will continue to apply to the 2011 plan year.

Employers should make sure that the individuals in charge of their payroll systems and plan administration are aware of these limits.

LIMIT	2011	2010
Maximum amount of annual compensation that must be taken into account for determining benefits or contributions	\$245,000	\$245,000
Maximum 401(k) deferral contribution limit	\$16,500	\$16,500
Defined contribution maximum annual addition (excluding 401(k) catch-up contributions)	\$49,000	\$49,000
Maximum deferral catch-up contribution limit for participants older than 50, 401(k) and 403(b)	\$5,500	\$5,500
Defined benefit maximum annual benefit	\$195,000	\$195,000
Key employee top-heavy plan	\$160,000	\$160,000
Highly compensated employee compensation threshold	\$110,000	\$110,000
Maximum 403(b) deferral contribution limit	\$16,500	\$16,500
Maximum 457(b) deferral contribution limit	\$16,500	\$16,500
Social Security taxable wage base (FICA)	\$106,800	\$106,800

More information on the new COLA limits can be found by visiting the IRS website at <http://www.irs.gov/retirement/article/0,,id=96461,00.html>