

EMPLOYEE BENEFITS ALERT

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IRS Announces Cost of Living Adjustment (COLA) Limits for 2012 Applicable to Retirement Plans

The Internal Revenue Service has announced cost of living adjustments (COLA) applicable to dollar limitations for retirement plans for 2012.

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

LIMIT	2012	2011
Maximum annual compensation that may be taken into account for determining benefits or contributions	\$250,000	\$245,000
Maximum 401(k) and 403(b) deferral contribution limit	\$17,000	\$16,500
Maximum 457(b) deferral contribution limit	\$17,000	\$16,500
Maximum 401(k), 403(b) and governmental 457(b) catch-up contribution limit for participants age 50 or older	\$5,500	\$5,500
Defined contribution maximum annual addition	\$50,000	\$49,000
Defined benefit maximum annual benefit	\$200,000	\$195,000
Key employee top-heavy plan	\$165,000	\$160,000
Highly compensated employee compensation threshold	\$115,000	\$110,000
Maximum SIMPLE Retirement Account contribution limit	\$11,500	\$11,500
Social Security taxable wage base (FICA)	\$110,100	\$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>