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IRS Announces Cost of Living Adjustment (COLA) Limits for 2013 Applicable to Retirement Plans

The Internal Revenue Service has announced cost of living adjustments (COLA) applicable to dollar limitations for retirement plans for 2013.

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

Limit

2013

2012 Maximum annual compensation that may be taken into account for determining benefits or contributions \$255,000 \$250,000 Maximum 401 (k) and 403 (b) deferral contribution limit \$17,500 \$17,000 Maximum 457 (b) deferral contribution limit \$17,500 \$17,000 Maximum 401 (k) and 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 \$51,000 \$50,000 Defined benefit maximum annual benefit \$200,000 \$195,000 Key employee top-heavy plan \$165,000 \$165,000 Highly compensated employee compensation threshold \$115,000 \$115,000 Maximum SIMPLE Retirement Account contribution limit \$12,000 \$11,500 Social Security taxable wage base (FICA) \$113,700 \$110,100

More information on the new COLA limits can be found by visiting the IRS website at <http://www.irs.gov/Retirement-Plans>

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