



COST-OF-LIVING ADJUSTMENTS FOR 2012

The IRS has announced the 2012 cost-of-living adjustments for various retirement plan dollar limits. The 2012 limits are as follows:

<u>Limit</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Section 402(g) limit for 401(k) pre-tax contributions	\$16,500	\$16,500	\$17,000
Section 414(v) catch-up contribution limit	\$5,500	\$5,500	\$5,500
Section 401(a)(17) limit on annual compensation recognizable for retirement plan purposes	\$245,000	\$245,000	\$250,000
Annual pre-tax contribution rate for participants at the compensation limit to reach the Section 402(g) contribution limit	6.73%	6.73%	6.80%
Section 415 limit on annual additions to a defined contribution plan	\$49,000	\$49,000	\$50,000
Section 415 limit on annual benefits under a defined benefit plan	\$195,000	\$195,000	\$200,000
Compensation threshold for defining "Highly Compensated Employees"	\$110,000 (in 2009)	\$110,000 (in 2010)	\$110,000 ¹ (in 2011)
Compensation threshold for officers to be "Key Employees" ²	\$160,000	\$160,000	\$165,000
Social Security (OASDI) Wage Base	\$106,800	\$106,800	\$110,100

¹ An employee with compensation exceeding \$115,000 in 2012 will be an HCE in 2013.

² 5% owners and 1% owners with compensation exceeding \$150,000 are also key employees.

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