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October 22, 2012

### COST-OF-LIVING ADJUSTMENTS FOR 2013

The IRS has announced the 2013 cost-of-living adjustments for various retirement plan dollar limits. The 2013 limits are as follows:

<u>Limit</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Section 402(g) limit for 401(k) pre-tax contributions	\$16,500	\$17,000	\$17,500
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	\$250,000	\$255,000
Annual pre-tax contribution rate for participants at the compensation limit to reach the Section 402(g) contribution limit	6.73%	6.80%	6.86%
Section 415 limit on annual additions to a defined contribution plan	\$49,000	\$50,000	\$51,000
Section 415 limit on annual benefits under a defined benefit plan	\$195,000	\$200,000	\$205,000
Compensation threshold for defining "Highly Compensated Employees"	\$110,000 (in 2010)	\$110,000 (in 2011)	\$115,000 <sup>1</sup> (in 2012)

Compensation threshold for officers to be "Key Employees" <sup>2</sup>	\$160,000	\$165,000	\$165,000
Social Security (OASDI) Wage Base	\$106,800	\$110,100	\$113,700

<sup>1</sup> An employee with compensation exceeding \$115,000 in 2013 will be an HCE in 2014.

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

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