
IRS Pension Plan Limits for 2012

The Internal Revenue Service (IRS) has announced contribution limits for retirement plan participants for 2012. While many amounts remain unchanged, for the first time since 2009, limits on a few of the key savings plans will increase.

The maximum annual contribution employees can make through salary reduction to a 401(k), 457(b), or 403(b) plan will increase to **\$17,000 in 2012**, from the current rate of \$16,500. Catch-up contributions for employees 50 years of age and older will remain the same, at a maximum of **\$5,500** per year.

401(k) Plan Limits for Plan Year	2012 Limit	2011 Limit	IRC Reference
401(k) Elective Deferral Limit ¹	\$17,000	\$16,500	402(g)(1)
Catch-Up Contribution ²	\$5,500	\$5,500	414(v)(2)(B)(i)
Defined Contribution Dollar Limit	\$50,000	\$49,000	415(c)(1)(A)
Compensation Limit ³	\$250,000	\$245,000	401(a)(17); 404(i)
Highly Compensated Employee Income Limit ⁴	\$115,000	\$110,000	414(q)(1)(B)
Key Employee Officer	\$165,000	\$160,000	416(i)(1)(A)(i)
Non-401(k) Limits			
403(b) Elective Deferral Limit ¹	\$17,000	\$16,500	402(g)(1)
Defined Benefit Dollar Limit	\$200,000	\$195,000	415(b)(1)(A)
457 Employee Deferral Limit	\$17,000	\$16,500	457(e)(15)
Social Security Taxable Wage Base	\$110,100	\$106,800	

¹ Employee deferrals to all 401(k) and 403(b) plans must be aggregated for purposes of this limit.

² Available to employees age 50 or older during the calendar year.

³ All compensation from a single employer (including all members of a controlled group) must be aggregated for purposes of this limit.

⁴ For the 2012 plan year, an employee who earns more than \$110,000 in 2011 is considered an HCE. For the 2013 plan year, an employee who earns more than \$115,000 in 2012 is considered an HCE.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Investors should consult a tax preparer, professional tax advisor, and/or a lawyer.

IRS CIRCULAR 230 DISCLOSURE:

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax information contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code; or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.



123 Main Street | Suite 123 | Anywhere, MA 01234 | 000.000.0000 | 000.000.0000 fax

Securities and Advisory Services offered through Commonwealth Financial Network® Member FINRA/SIPC,
a Registered Investment Adviser. Rev. 11/11