

ISLER DARE RAY RADCLIFFE & CONNOLLY, P.C.

Employee Benefits Update

2012 Dollar Limits on Compensation and Benefits

October 20, 2011

Earlier today the Internal Revenue Service announced cost-of-living adjustments affecting the dollar limitations that will apply in 2012 for employee benefit plans. For the first time in several years, there are modest increases in many (but not all) of these limits. The table below highlights the key limits that will apply for 2012, as well as the limits that are in place for 2011.

Dollar Limits on Compensation and Benefits			
Code Section	Limit	2012	2011
	Elective Deferral Contributions		
§402(g)(1)(B)	401(k) and 403(b) Plans	\$17,000	\$16,500
§457(e)(15)(A)	457(b) Plans	\$17,000	\$16,500
§414(v)(2)(B)(i)	Age 50+ “Catch-Up” Contributions for 401(k)/403(b)	\$5,500	\$5,500
§408(p)(2)(E)	SIMPLE Plans	\$11,500	\$11,500
§414(v)(2)(B)(ii)	Age 50+ SIMPLE “Catch-Up” Contributions	\$2,500	\$2,500
	Limits for Highly Compensated Employees		
§401(a)(17)(A)	Annual Compensation Includable in Plan	\$250,000	\$245,000
§414(q)(1)(B)(i)	Who is a “Highly Compensated Employee”	\$115,000	\$110,000
§416(i)(1)(A)(i)	Who is a “Key Employee/Officer”	\$165,000	\$160,000
	Social Security Tax Wage Base	\$110,100	\$106,800
	Annual Benefit Limits		
§415(b)(1)(A)	Defined Benefit Pension Plans	\$200,000	\$195,000
§415(c)(1)(A)	Defined Contribution Retirement Plans	\$50,000	\$49,000
	HSA Annual Contribution Levels		
§223(b)(2)	Individual	\$3,100	\$3,050
	Family	\$6,250	\$6,150

Please contact me if you have any questions about how these limits will apply to your employee benefit plans.

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