

This update is published by The Law Offices of Ilene H. Ferenczy, LLC to provide information to our clients and friends about recent developments in the benefits community. It is intended to be informational and does not constitute legal advice for any particular situation. It also may be considered to be "attorney advertising" under the rules of certain states.



# The Ferenczy Flash

FROM THE LAW OFFICES OF Ilene H. Ferenczy, LLC

## IRS RELEASES COST-OF-LIVING ADJUSTMENTS TO VARIOUS RETIREMENT PLAN LIMITS

The Internal Revenue Service has just released the cost-of-living adjustments for various retirement plan limitations that will take effect on January 1, 2012. *For the first time in three years, there are increases in some of the various limits.* The 2011 and 2012 limits are as follows:

	For Calendar Year	
	2011	2012
<b>Maximum Defined Benefit Plan Benefit</b> (IRC §415(b)) ( <i>applies to limitation years ending in indicated year</i> )	\$195,000	\$200,000
<b>Maximum Defined Contribution Annual Addition</b> (IRC §415(c)) ( <i>applies to limitation years ending in indicated year</i> )	\$49,000	\$50,000
<b>Salary Deferral Limit</b> (IRC §402(g))	\$16,500	\$17,000
<b>Catch-up Limit</b> for 401(k), 403(b), 457 plans ( <i>applies to calendar year</i> )	\$5,500	\$5,500 (NC)
<b>HCE Compensation</b> ( <i>applies to lookback years in indicated year</i> )	\$110,000	\$115,000
<b>Maximum Compensation for Retirement Plan Purposes</b> (IRC §401(a)(17)) ( <i>applies to plan years beginning in indicated year</i> )	\$245,000	\$250,000
<b>Key Employee: Officer</b>	\$160,000	\$165,000
<b>Key Employee: 1% Owner</b>	\$150,000	\$150,000
<b>457(b) Contribution Limit</b>	\$16,500	\$17,000
<b>SIMPLE Salary Deferral Limit</b>	\$11,500	\$11,500 (NC)
<b>SIMPLE Catch-up Limit</b>	\$2,500	\$2,500 (NC)
<b>IRA Contribution Limit</b>	\$5,000	\$5,000 (NC)
<b>IRA Catch-up Limit</b>	\$1,000	\$1,000 (NC)

<b>SEP Threshold</b>	\$550	\$550 (NC)
<b>ESOP: 5-year Distribution Factor</b>	\$195,000	\$200,000
<b>ESOP: Account Balance</b>	\$985,000	\$1,015,000

Please contact us if you have any questions.

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**ALSO:**

**Listen to an Advisors Access Podcast interview with Ilene regarding the participant and plan level fee disclosure rules that will be effective next year.**

**Click on this link: <http://s3.amazonaws.com/donpd/IleneFerenczy.mp3>**

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