

2012 IRS and Social Security Limits for Benefit Plans

This Employee Benefits Update provides information on benefit limits for 2012.

The IRS announced its 2012 cost-of-living adjustments for pension plans in a release dated October 20, 2011. These limits also affect some aspects of non-pension benefit plans. See:
<http://www.irs.gov/newsroom/article/0,,id=248482,00.html>.

Some of the limits covered in the announcement include:

- The deferral limit under Code Section 402(g) is changed to \$17,000 in 2012 from \$16,500 in 2011. (Catch up contributions are unchanged at \$5,500 in 2012.)
- The compensation limit under Code Section 401(a)(17) is changed to \$250,000 in 2012 from \$245,000 in 2011.
- The annual addition contribution limit under Code Section 415 for individuals in 401(k) plans is changed to \$50,000 in 2012 from \$49,000 in 2011.
- The highly compensated employee limit under Code Section 414(q) is changed to \$115,000 in 2012 from \$110,000 in 2011.
- The limit used in determining officer key employees under Code Section 416 is changed to \$165,000 in 2012 from \$160,000 in 2011.

The Social Security Wage Base (maximum earnings taxable) is changed to \$110,100 in 2012 from \$106,800 in 2011. See <http://www.ssa.gov/pressoffice/factsheets/colafacts2012.htm>.

Cynthia A. Van Bogaert

is a partner with Boardman, Suhr, Curry & Field LLP. She is a faculty member for employee benefits courses for ALI-ABA and the Employee Benefits Institute of America, as well as author of the 401(k) column on BenefitsLink, a national employee benefits Web site.

These articles are not legal advice. Individuals should seek advice based on their particular circumstances from their own counsel. Nothing in this article is intended to be used, and no information can be used, for the purpose of avoiding penalties under the Internal Revenue Code, or promoting, marketing, or recommending to another party any transaction or matter addressed in this article. © 2008 Cynthia A. Van Bogaert All rights reserved.