

**IRS 2012 Limits and Thresholds for Qualified Retirement Plans**

Below is a summary of the limits for 2012:

<b>401(k) Plan Limits (per person not plan)</b>	<b>2011</b>	<b>2012</b>	<b>Code Section</b>
Elective Deferrals	\$16,500	\$17,000	402(g)(1)
Catch-Up Contributions	\$5,500	\$5,500	414(v)(2)(B)
Defined Contribution Annual Additions	\$49,000	\$50,000	415(c)(1)(A)
Annual Compensation	\$245,000	\$250,000	401(a)(17)
Highly Compensated Employee	\$110,000	\$115,000	414(q)(1)(B)
Key Employee	\$160,000	\$165,000	416(i)(1)(A)(i)
Social Security Taxable Wage Base	\$106,800	\$110,100	

**Elective Deferrals:** For the calendar year 2012 the IRS has changed the amount participants may elect to defer into a 401(k), 403(b) or 457 retirement plan. The deferral limit will be **\$17,000**. If your plan restricts contributions to a low percentage of compensation, the dollar limit may be less. Also, depending on your plan's ability to pass the ADP test, HCEs may have a reduced deferral limit. Employees deferring to more than one plan during 2012 are responsible for not exceeding this limit on contributions made to all plans. This limit does not start until January 1, 2012.

**Catch-up Contributions:** Catch-up contributions allowed for participants age 50 and over by the end of 2012 will remain **\$5,500**. This is in addition to the elective deferral limit above. Catch-up contributions are excluded from testing.

**Defined Contribution Annual Additions Limit:** The limit for all contribution, (e.g. deferral + match + profit sharing + money purchase), made into a participant's account(s) will be **\$50,000** for 2012. Rollover and Catch-up Contributions are not included in this limit.

**Annual Limits on Compensation:** Only compensation up to **\$250,000** will be considered for contribution calculation and testing purposes in 2012.

**HCE Determination:** The threshold compensation used in determining who is a "highly compensated employee" will be **\$115,000**. The determination of who is an HCE is important as some annual testing requires a comparison between HCE and NHCE (non-highly compensated employees). This will be the dollar limit for determining HCE for the 2012 Plan Years as HCE is based on look-back year. If Kibble & Prentice completes your testing we will determine who a HCE is using the data you provide.

**Key Employee Determination:** The threshold for determining who is a "key employee" in a top-heavy plan will be **\$165,000**. Again, if Kibble & Prentice completes your testing we will determine who is a Key Employee using the data you provide.

**Social Security Taxable Wage Base:** In addition to the IRS announcement, the Social Security Administration has announced that the Social Security taxable wage base (i.e., the taxable maximum) will be **\$110,100** in 2012.

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