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## IRS Announces Retirement Plan Limits for 2012

*Cost of Living Adjustments Effective for Plan Years Beginning 1/1/2012*

On October 20, 2011, the Internal Revenue Service announced the cost-of-living adjustments that apply to dollar limitations for retirement plans and other relevant limits for the tax year beginning on January 1, 2012. For the first time in three years, we finally see modest increases in some of the limits. We have highlighted the changes in the below table for easy identification.\*

In a similar fashion, on October 19, the Social Security Administration announced that a 3.6 percent adjustment to relevant limits will be made for 2012, and the Social Security Taxable Wage base will increase from \$106,800 to \$110,100.

	2012	2011	2010	2009	2008
Elective deferral limit for 401(k), Roth 401(k), 403(b), & 457 Plans	\$17,000	\$16,500	\$16,500	\$16,500	\$15,500
Catch-up contribution limit for 401(k), Roth 401(k), 403(b), & 457 Plans	\$5,500	\$5,500	\$5,500	\$5,500	\$5,000
Elective deferral limit for SIMPLE IRA Plans	\$11,500	\$11,500	\$11,500	\$11,500	\$10,500
Catch-up contribution limit for SIMPLE IRA Plans	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500
Annual addition limit for defined contribution plans	\$50,000	\$49,000	\$49,000	\$49,000	\$46,000
Annual addition limit to SEP IRA Plans	\$50,000	\$49,000	\$49,000	\$49,000	\$46,000
Maximum plan compensation for retirement plan purposes	\$250,000	\$245,000	\$245,000	\$245,000	\$230,000
Annual Benefit limit for defined benefit plans	\$200,000	\$195,000	\$195,000	\$195,000	\$185,000
Threshold amount for definition of a highly compensated employee*	\$115,000	\$110,000	\$110,000	\$110,000	\$105,000
Threshold amount for definition of a key employee in top heavy plans	\$165,000	\$160,000	\$160,000	\$160,000	\$150,000
SEP IRA compensation threshold for eligibility	\$550	\$550	\$550	\$550	\$500
Social Security Taxable Wage Base	\$110,100	\$106,800	\$106,800	\$106,800	\$102,000
IRA or Roth IRA contribution limit	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Catch-up contribution limit for IRA or Roth IRA	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
IRA Deduction phase-out limit for active plan participants starts at					
Single	\$58,000	\$56,000	\$56,000	\$55,000	\$53,000
Married Filing Jointly	\$92,000	\$90,000	\$89,000	\$89,000	\$85,000
Married Filing Jointly and one spouse is covered by a plan	\$173,000	\$169,000	\$167,000	\$166,000	\$159,000
Roth IRA contribution phase-out limit starts at					
Single	\$110,000	\$107,000	\$105,000	\$105,000	\$101,000
Married Filing Jointly	\$173,000	\$169,000	\$167,000	\$166,000	\$159,000

For more information please call us at 360-750-9626 or send an email to [lsiewert@401kpsp.com](mailto:lsiewert@401kpsp.com).

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\*This Summary is designed to provide an overview of the dollar limitations for retirement plans and other relevant limits for 2012 and is not intended to be comprehensive.

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