



CORNERSTONE GROUP

Your benefits partner

Increased Retirement Plan Limits for 2012

On October 20, 2011, the Internal Revenue Service announced cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for Tax Year 2012. In general, many of the pension plan limitations will change for 2012 because the increase in the cost-of-living index met the statutory thresholds that trigger their adjustment. However, other limitations will remain unchanged.

- The elective deferral (contribution) limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased from \$16,500 to \$17,000.
- The catch-up contribution limit for those aged 50 and over remains unchanged at \$5,500.

Due to the increased contribution limits for 2012, now is the time to schedule your Retirement Plan Review to ensure that you are maximizing your contributions! To schedule your Plan Review, please contact Joseph Vasko, Managing Partner, at (401) 884-5700 x304 or email jvasko@teamcornerstone.com.

2012 Annual Benefit Plan Amounts

Contribution & Benefit Limits	2011 Limit	2012 Limit
Section 401(k), 403(b), or 457(b) annual deferral	\$16,500	\$17,000
SIMPLE plan annual deferral	\$11,500	\$11,500
Section 415 maximums		
-- annual benefit from defined benefit plan	\$195,000	\$200,000
-- annual additions to defined contribution plan	\$49,000	\$50,000
Maximum IRA contribution	\$5,000	\$5,000
Catch-up contribution limits		
-- retirement plan	\$5,500	\$5,500
-- SIMPLE plan	\$2,500	\$2,500
-- IRA	\$1,000	\$1,000
Compensation Amounts		
Annual compensation limit	\$245,000	\$250,000
Grandfathered governmental plan participants	\$360,000	\$375,000
Highly compensated employees		
-- any employee*	\$110,000	\$115,000**
-- 5-percent owner	no minimum	no minimum
<i>*Employer may elect to limit to top-paid 20%</i>		
<i>**Due to the look-back rule, first applies in determining HCEs in 2013.</i>		
Key employees		
-- officer	\$160,000	\$165,000
-- 1-percent owner	\$150,000	\$150,000
-- 5-percent owner	no minimum	no minimum