

## 2012 Retirement Plans Contribution Limits

Below are the cost-of-living adjustments that will apply to the dollar limits on contributions and benefits under qualified retirement plans, IRAs and HSAs for years beginning after December 31, 2011. The following is a summary of those cost-of-living adjustments.

### **SEP-IRA, Money Purchase and Profit Sharing Maximum Contribution**

- The maximum dollar amount that can be contributed increases from \$49,000 to \$50,000.
- The cap on compensation increases from \$245,000 to \$250,000 (see 'Qualified Plan Compensation Limitation' below).

With the deductible contribution limit remaining at 25% this year, many profit sharing, money purchase and SEP-IRA plan participants will be eligible to receive a \$50,000 contribution.

### **Employee Contribution Maximums (401(k), SIMPLE, 403(b) and 457)**

- The SIMPLE IRA maximum salary deferral amount remains unchanged at \$11,500, and the catch-up contribution for individuals age 50 and older also remains unchanged at \$2,500.
- The 457 plan (a deferred compensation plan for a state or local government employer) maximum salary deferral amount increases from \$16,500 to \$17,000.
- The 401(k) and 403(b) maximum salary deferral amount increases from \$16,500 to \$17,000, with a catch-up contribution amount remaining unchanged at \$5,500.

### **Qualified Plan Compensation Limit**

The maximum amount of an employee's compensation that can be considered when calculating contributions to a plan increases from \$245,000 to \$250,000. For example, if an employer contributes 10% of each employee's pay to a profit sharing plan, an employee earning \$300,000 would receive a \$25,000 contribution (10% of \$250,000).

### **Highly Compensated Employee Determination**

The highly compensated employee limitation increases from \$110,000 to \$115,000.

### **SEP-IRA Employee Eligibility and SIMPLE IRA Employee Eligibility**

The maximum amount of income that an employer can require for employee SEP-IRA plan eligibility remains unchanged at \$550.

The maximum amount of income that an employer can require for employee SIMPLE IRA plan eligibility remains unchanged at \$5,000.

### Defined Benefit Plan Maximum Benefit

The limit on the annual benefit under a defined benefit plan increases from \$195,000 to \$200,000.

### Traditional and Roth IRAs

The 2012 IRA Contribution limits remain unchanged at \$5,000 with a catch-up contribution of \$1,000.

### Health Savings Accounts

The 2012 inflation adjusted indexed numbers for Health Savings Accounts (HSAs) remain unchanged. They are:

	2011	2012
<b>Contribution Limits:</b>		
<i>Individuals</i>	\$3,050	\$3,100
<i>Families</i>	\$6,150	\$6,250
<b>Catch-up age 55+</b>	\$1,000	\$1,000
<b>Maximum Out-of-Pocket:</b>		
<i>Individuals</i>	\$5,950	\$6,050
<i>Families</i>	\$11,900	\$12,100
<b>Minimum Deductible:</b>		
<i>Individuals</i>	\$1,200	\$1,200
<i>Families</i>	\$2,400	\$2,400

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