

IRS Announces Cost-of-Living Adjustments Applicable to Defined Contribution Plans and Defined Benefit Plans

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The IRS announced cost-of-living adjustments applicable to the 2012 tax year that impact defined contribution and defined benefit plan limits. The limitation on elective deferrals was increased from \$16,500 to \$17,000. However, the limitation for catch-up contributions by participants who are age 50 or older remains at \$5,500. The Code Section 415 limit applicable to defined contribution plans increased from \$49,000 to \$50,000, and the annual compensation limit under Code Section 401(a) (17) increased from \$245,000 to \$250,000. The limitations used to determine key employees was increased from \$160,000 to \$165,000, and the highly compensated employee limit was increased from \$110,000 to \$115,000. The annual benefit limit for defined benefit plans was increased from \$195,000 to \$200,000. Information on these (and other adjustments) can be found [here](#).