

BenAlert

BENEFIT TRENDS AND LEGISLATIVE UPDATES

OCTOBER 2011



HOWITT
Benefit Services

Howitt Benefit Services is pleased to provide you with periodic updates on benefit trends and legislative updates. As part of our valuable services, we want to ensure that you are in compliance and well-informed of the ongoing changes in our industry.

In this BenAlert:

- 2012 IRS Pension, Retirement and Benefit Limits

The Internal Revenue Service has announced cost-of-living adjustments applicable to dollar limitations for retirement plans and other benefits for 2012. This marks the first notable adjustment to the limits since 2009.

| | 2011 Limits | 2012 Limits |
|---|-------------|-------------|
| 401(k)/403(b) Contributions¹ | \$16,500 | \$17,000 |
| 457(b) Limit | \$16,500 | \$17,000 |
| Catch-up Contributions | \$5,500 | \$5,500 |
| Compensation Limit² | \$245,000 | \$250,000 |
| Highly Compensated Employees² | \$110,000 | \$115,000 |
| Key Employee Officer Compensation² | \$160,000 | \$165,000 |
| Maximum Annual Benefit Defined Benefit Plan ² | \$195,000 | \$200,000 |
| Maximum Annual Contribution Defined Contribution Plan ² | \$49,000 | \$50,000 |
| ESOP Limits Dollar limit for determining lengthening of 5-year period ¹ | \$195,000 | \$200,000 |
| Dollar amount for determining max. amount subject to 5-year distribution ¹ | \$985,000 | \$1,015,000 |
| FICA/Social Security Wage Base³ | \$106,800 | \$110,100 |
| Qualified Transportation Fringe Benefits – Code § 132 | | |
| Monthly limit for transportation in a commuter highway vehicle or transit pass ⁴ | \$230 | \$125 |
| Monthly limit for qualified parking | \$230 | \$240 |
| Monthly limit for bicycle commuters | \$20 | \$20 |
| Adoption Assistance Programs⁵, continued | | |

| | | |
|--|-------------------|----------|
| Maximum excludable from employee gross income | \$13,360 | N/A |
| Exclusion phased out with modified gross income (starting at–ending at) | \$185,210–225,210 | N/A |
| Health Savings Accounts | | |
| High deductible health plan (HDHP) – minimum annual deductible | | |
| Individual coverage | \$1,200 | \$1,200 |
| Family coverage | \$2,400 | \$2,400 |
| HDHP – maximum out-of-pocket limit | | |
| Individual coverage | \$5,950 | \$6,050 |
| Family coverage | \$11,900 | \$12,100 |
| HSA monthly contribution – 1/12 lesser of annual deductible or statutory limit | | |
| Self-only coverage limit | \$3,050 | \$3,100 |
| Family coverage limit | \$6,150 | \$6,250 |
| Catch-up contributions (age 55 or older) | \$1,000 | \$1,000 |
| Footnotes: 1. Calendar year limitation 2. For plan years beginning in the calendar year. 3. Calendar year limitation for FICA withholding purposes and for plan years beginning in the calendar year for retirement plan purposes. 4. The American Recovery and Reinvestment Act temporarily raised the public transit limit to \$230 through 2011. Absent congressional action, the limit will revert to \$125 in 2012. 5. The Adoption Assistance Credit, originally set to expire in 2009, was extended through 2011 by the Patient Protection and Affordable Care Act. Absent congressional action, the credit will no longer be available for the 2012 tax year. | | |

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