

IRS Announces Dollar Limits for 2011

By Dana Thrasher on November 01, 2010

On October 28, 2010, the Internal Revenue Service announced the cost of living adjustments applicable to dollar limitations for pension plans for the 2011 tax year. The limitations for the 2011 tax year will remain at the 2010 limitation levels. These dollar limitations affect, among other things, the maximum amount that an employee may be contribute to an employee on a pre-tax basis (402(g)), the amount of compensation that a plan may consider for plan purposes (401(a)(17)), and the compensation threshold a plan may use to determine highly compensated status (414(q)(1)(B)). Below is a table showing both the limitations for the 2010 tax year and the limitations for the 2011 tax year.

| Dollar Limitations | 2011 | 2010 |
|---|-------------|-------------|
| 401(k) & 403(b) Elective Deferrals (IRC § 402(g)(1)) | \$16,500 | \$16,500 |
| Catch-Up Elective Deferrals (IRC § 414(v)(2)(B)(i)) | \$5,500 | \$5,500 |
| Defined Benefit Plan Benefit (IRC § 415(b)(1)(A)) | \$195,000 | \$195,000 |
| Defined Contribution Plan Contribution (IRC § 415(c)(1)(A)) | \$49,000 | \$49,000 |
| Annual Compensation Limit (IRC § 401(a)(17) and IRC § 404(l)) | \$245,000 | \$245,000 |
| Special Compensation Limit for Government Plans | \$360,000 | \$360,000 |
| 457(b) Deferral (IRC § 457(e)(15)) | \$16,500 | \$16,500 |
| Highly Compensated Employee (IRC § 414(q)(1)(B)) | \$110,000 | \$110,000 |
| Key Employee in Top-Heavy Compensation (IRC § 416(i)(1)(A)(i)) | \$160,000 | \$160,000 |
| SIMPLE Plan Deferral (IRC § 408(p)(2)(E)) | \$11,500 | \$11,500 |
| SIMPLE Plan Catch-Up Elective Deferrals (IRC § 414(v)(2)(B)(iii)) | \$2,500 | \$2,500 |
| SEP Coverage (IRC § 408(k)(2)(C)) | \$550 | \$550 |

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