

Client Advisory | November 2010

IRS Announces Retirement Plan Limitations for 2011

The Internal Revenue Service announced the 2011 cost-of-living adjustments to the dollar limitations for qualified retirement plans and other benefits, and the Social Security Administration announced its own cost-of-living adjustments for 2011. Most notably, the annual limits for qualified retirement plan contributions and benefits and the wage base for computing the Social Security tax (OASDI) remain unchanged for 2011.

Retirement Plan Limits and Social Security Wage Base

	2011 Limits	2010 Limits
401(k)/403(b)/457(b) Elective Deferrals	\$16,500	\$16,500
Catch-Up Contribution (plans other than SIMPLE plans)	\$5,500	\$5,500
SIMPLE Plan Employee Deferrals	\$11,500	\$11,500
SIMPLE Plan Catch-Up Contributions	\$2,500	\$2,500
Defined Contribution Plan Maximum Annual Contribution	\$49,000	\$49,000
Defined Benefit Plan Section Maximum Annual Benefit	\$195,000	\$195,000
Compensation Limit under Section 401(a)(17)	\$245,000	\$245,000
Highly Compensated Employee Definition under Section 414(q)	\$110,000	\$110,000
Key Employees Officer Compensation for Top-Heavy Plans	\$160,000	\$160,000
Maximum ESOP Account Balance Subject to 5-Year Distribution Period	\$985,000	\$985,000
ESOP Dollar Amount Used to Determine the Lengthening of the 5-Year Distribution Period	\$195,000	\$195,000
Special Annual Compensation Limit for Governmental Plans in effect on July 1, 1993	\$360,000	\$360,000
Social Security Wage Base	\$106,800	\$106,800

Health Savings Account and High Deductible Health Plan Limits

In May 2010, the IRS announced the inflation-adjusted amounts for health savings account and high-deductible health plans, which remain unchanged.

Health Savings Accounts

	2011 Limits	2010 Limits
Annual Contribution Limit		
Self-Only Coverage	\$3,050	\$3,050
Family Coverage	\$6,150	\$6,150
High Deductible Health Plan – Minimum Annual Deductible		
Self-Only Coverage	\$1,200	\$1,200
Family Coverage	\$2,400	\$2,400
High Deductible Health Plan – Maximum Out of Pocket Limit		
Self-Only Coverage	\$5,950	\$5,950
Family Coverage	\$11,900	\$11,900

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