

Employee Benefits Advisory

November 2, 2010

IRS Issues Cost-of-Living Adjustments

The Internal Revenue Service recently announced cost-of-living adjustments for the 2011 tax year. As reflected in the table below, the key retirement plan limitations remain unchanged, including the amount of pre-tax deferrals that may be made to a 401(k) plan and the limits on compensation and annual additions to qualified retirement plans.

RETIREMENT PLAN LIMITS:

<u>Applicable Limit</u>	<u>2011</u>	<u>2010</u>
Annual Compensation §401(a)(17)/404(l)	245,000	245,000
Elective Deferrals §402(g)(1)	16,500	16,500
Catch-up Contributions §414(v)(2)(B)(i)	5,500	5,500
ESOP Account Balance for Distribution Period Extension §409(o)(1)(C)	985,000	985,000
ESOP Account Balance Excess for Distribution Period Extension §409(o)(1)(C)	195,000	195,000
HCE Compensation Threshold §414(q)(1)(B)	110,000	110,000
Defined Benefit Limits §415(b)(1)(A)	195,000	195,000
Defined Contribution Limits §415(c)(1)(A)	49,000	49,000
Key Employee §416(i)(1)(A)(i)	160,000	160,000
457 Elective Deferral Limits §457(e)(15)	16,500	16,500

CONTACTS

If you have questions, please contact any of the McKenna Long & Aldridge LLP attorneys or public policy advisors with whom you regularly work. You may also contact:

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IRA Contribution Limit §219(b)(5)(A)	5,000	5,000
IRA Catch-up Contributions §219(b)(5)(B)	1,000	1,000
SIMPLE Maximum Contributions §408(p)(2)(E)	11,500	11,500
SIMPLE Catch-up Contributions §414(v)(2)(B)(ii)	2,500	2,500

With a team of attorneys who are highly experienced in the employee benefits field, MLA can provide answers to questions about cost-of-living adjustments or how the limits affect your benefit programs.

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