



## 2011 RETIREMENT PLAN BENEFITS & CONTRIBUTION LIMITS

October 2010

- Annual Addition Limit for Defined Benefit Plans (\$195,000).** This limitation on the annual benefit under a defined benefit plan payable as a straight life annuity benefit at age 65 is equal to the lesser of 100% of the average annual compensation, or \$160,000. (The dual defined benefit and defined contribution limit was repealed effective January 1, 2002, so plan sponsors can fund both a defined benefit and a defined contribution plan to their full individual limits). This statutory limit increased to \$195,000 in 2009 and 2010, and will remain unchanged for 2011.
- Annual Addition Limits for Defined Contribution Plans (\$49,000).** Since the enactment of EGTRRA, defined contribution plans have been subject to an "annual addition" for each participant that cannot exceed 100% of compensation, or \$40,000. The \$40,000 statutory limit increased to \$49,000 in 2009 and 2010, where it will continue to remain for 2011.
- Limit on Pre-Tax Salary Deferrals to Retirement Plans (\$16,500).** Organizations that provide for salary deferrals into Revenue Code section 401(k) plans, section 403(b) arrangements and section 457(b) plans were subject to the statutory limit of \$15,000 for 2006. This statutory limit increased to \$16,500 for 2009 and 2010, and will remain unchanged for 2011.
- SIMPLE Plan Contribution Limit (\$11,500).** The statutory limit on contributions to SIMPLE plans under section 408(p)(2)(E) for 2005 was \$10,000. This amount increased to \$11,500 in 2009 and 2010, and will remain unchanged for 2011.
- Catch-Up Contributions (\$5,500 for SEPs, and 403(b), 457(b) and qualified plans; \$2,500 for SIMPLE plans).** The additional catch-up contribution, which is allowed for individuals age 50 and over in a 403(b) plan, 457(b) plan, simplified employer pension (SEP) or a qualified plan, increased to \$5,500 for 2009 and 2010, where it will continue to remain for 2011. In addition, the catch-up contribution for SIMPLE IRAs and SIMPLE 401(k) plans increased to \$2,500 for 2006, 2007, 2008, 2009 and 2010. This limit will remain unchanged at \$2,500 for 2011.
- Highly Compensated Employee Dollar Limitation (\$110,000).** The dollar limit for determining who is a highly compensated employee under section 414(q) increased to \$110,000 for 2009 and 2010, where it will continue to remain for 2011.
- Key Employees in Top-Heavy Plans (\$160,000).** In determining who is a key employee under top-heavy plans, section 416(i) includes officers with compensation greater than \$130,000. That dollar limitation increased to \$160,000 in 2009 and 2010. This limit will remain unchanged at \$160,000 for 2011.
- Limit on Compensation Taken Into Account in Retirement Plan (\$245,000).** Before 2004, the maximum amount of compensation that could be taken into account for qualified plan purposes was \$200,000. That limit increased to \$245,000 in 2009 and 2010, where it will continue to remain for 2011.
- Social Security Wage Base (\$106,800).** The Social Security wage base increased to \$106,800 beginning in 2009, where it remained for 2010 and will continue to remain for 2011.
- IRAs (\$5,000).** The statutory limit on IRA contributions was \$5,000 in 2008, where it remained for 2009 and 2010. It will remain unchanged at \$5,000 for 2011.