

Primary Office
 16633 Dallas Parkway,
 Suite 600
 Addison, Texas 75001
 Primary Telephone:
 (214) 538.8297
 24-Hour Telephone:
 (469) 767.8872

Helping Management Manage

Plano/Mail Room
 3948 Legacy Drive
 Suite 106, Box 397
 Plano, Texas 75023

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IRS Announces 2012 Cost of Living Increases For Employee Benefit Contributions & Benefits

The Internal Revenue Service (IRS) released the Cost of Living Adjustments (COLAs) for dollar limitations on benefits and contributions under the Internal Revenue Code (Code) for 2012. The 2012 COLAs are set forth in [News Release IR-2011-103](#), which was published on October 20, 2011. The applicable limitations are as follows:

COLA Increases for Dollar Limitations on Benefits and Contributions

2012 Retirement Plans COLAs

Code Section	2012	2011	2010
IRAs			
IRA Contribution Limit - 219(b)(5)(A)	5,000	5,000	5,000
IRA Catch-Up Contributions - 219(b)(5)(B)	1,000	1,000	1,000
IRA AGI Deduction Phase-out Starting at			
Joint Return	92,000	90,000	89,000
Single or Head of Household	58,000	56,000	56,000
SEP			
SEP Minimum Compensation - 408(k)(2)(C)	550	550	550
SEP Maximum Compensation - 408(k)(3)(C)	250,000	245,000	245,000
SIMPLE Plans			

SIMPLE Maximum Contributions - 408(p)(2)(E)	11,500	11,500	11,500
Catch-up Contributions - 414(v)(2)(B)(ii)	2,500	2,500	2,500
401(k), 403(b), Profit-Sharing Plans, etc.			
Annual Compensation - 401(a)(17)/404(l)	250,000	245,000	245,000
Elective Deferrals - 402(g)(1)	17,000	16,500	16,500
Catch-up Contributions - 414(v)(2)(B)(i)	5,500	5,500	5,500
Defined Contribution Limits - 415(c)(1)(A)	50,000	49,000	49,000
ESOP Limits - 409(o)(1)(C)	1,015,000	985,000	985,000
	200,000	195,000	195,000
Other			
HCE Threshold - 414(q)(1)(B)	115,000	110,000	110,000
Defined Benefit Limits - 415(b)(1)(A)	200,000	195,000	195,000
Key Employee - 416(i)(1)(A)(i)	165,000	160,000	160,000
457 Elective Deferrals - 457(e)(15)	17,000	16,500	16,500
Control Employee - 1.61-21(f)(5)(i)	100,000	95,000	95,000
Control Employee - 1.61-21(f)(5)(iii)	205,000	195,000	195,000
Taxable Wage Base	110,100	106,800	106,800

For Help or More Information

If you need help reviewing and updating your employee benefit employee benefits, compensation, human resources or related matters, please contact the author of this update, Cynthia Marcotte Stamer.

Recently selected for induction as a Fellow in the American College of Employee Benefit Council and for extensive work and accomplishments in the employee benefits area, immediate past Chair of the American Bar Association (ABA) RPTE Employee Benefits & Other Compensation Group and current Co-Chair of its Welfare Benefit Committee, Vice-Chair of the ABA TIPS Employee Benefits Committee, a council member of the ABA Joint Committee on Employee Benefits, and past Chair of the ABA Health Law Section Managed Care & Insurance Interest Group, Ms. Stamer is recognized, internationally, nationally and locally for her more than 24 years of work, advocacy, education and publications on employee benefit, human resources and related workforce, insurance and financial services, and health care matters.

A board certified labor and employment attorney widely known for her extensive and creative knowledge and experienced with these and other employment, employee benefit and compensation matters, Ms. Stamer continuously advises and assists employers, employee benefit plans, their sponsoring employers, fiduciaries, insurers, administrators, service providers, insurers and others to monitor and respond to evolving legal and operational requirements and to design, administer, document and defend medical and other welfare benefit, qualified and non-qualified deferred compensation and retirement, severance and other employee benefit, compensation, and human resources, management and other programs and practices tailored to the client's human resources, employee benefits or other management goals. A primary drafter of the Bolivian Social Security pension privatization law, Ms. Stamer also works extensively with management, service provider and other clients to monitor legislative and regulatory developments and to deal with Congressional and state legislators, regulators, and enforcement officials concerning regulatory, investigatory or enforcement concerns.

Recognized in Who's Who In American Professionals and both an American Bar Association (ABA) and a State Bar of Texas Fellow, Ms. Stamer serves on the Editorial Advisory Board of Employee Benefits News, the editor and publisher of [Solutions Law Press HR & Benefits Update](#) and other Solutions Law Press Publications, and active in a multitude of other employee benefits, human resources and other professional and civic organizations. She also is a widely published author and highly regarded speaker on these matters. Her insights on these and other matters appear in the Bureau of National Affairs, Spencer Publications, the Wall Street Journal, the Dallas Business Journal, the Houston Business Journal, Modern and many other national and local publications. You can learn more about Ms. Stamer and her experience, review some of her other training, speaking, publications and other resources, and register to receive future updates about developments on these and other concerns from Ms. Stamer [here](#). For important information concerning this communication see [here](#).

Other Resources

If you found this update of interest, you also may be interested in reviewing some of the other updates and publications authored by Ms. Stamer available including:

- **[IRS Updates Meal, Travel Reimbursement & Deduction Rules](#)**
- **[EBSA Plans To Include Health Care Reform Compliance In Health Plan Audits Beginning In FY 2012; Disputes OIG Criticism Of ACA Enforcement Efforts](#)**
- **[IRS Publishes More Guidance For Tax Preparers On Preparer Tax Identification Number](#)**
- **[IRS Updates Meal, Travel Reimbursement & Deduction Rules](#)**
- **[Plans & Investment Advisors Get Flexibility To Give Investment Advice To 401\(k\) & Other Individual Account Plan Participants & Beneficiaries](#)**
- **[IRS To Waive User Fee On Certain Plan Qualification Determination Applications](#)**
- **[Employers Considering Using New IRS Voluntary Worker Classification Settlement Program To Resolve Payroll Tax Risks Must Also Manage Other Legal Exposures](#)**
- **[Participant Notification Added To Required Procedures For Church Plan Determination Letter Requests](#)**
- **[HHS Credits Affordable Care Act Adult Dependent Child Coverage Rule With Getting 1 Million Young Adults Health Coverage](#)**
- **[2010 Webcast Series on Federal Employer Employment of Persons With Disabilities Planned](#)**
- **[EBSA Plans To Include Health Care Reform Compliance In Health Plan Audits Beginning In FY 2012; Disputes OIG Criticism Of ACA Enforcement Efforts](#)**
- **[New Labor Department Video Tries To Educate Young Workers About Benefits & Benefit Rights](#)**
- **[Employer Assistance and Resource Network Offers Free Webinars For Employers During October In Honor of Disability Employment Awareness Month on Thursdays in October](#)**

from 2:00 – 2:30 p.m. Eastern Time. Topics will include Employer Preparedness to Include Veterans with Disabilities

- **HHS Projects Medicare Advantage Enrollment Will Rise As Premiums Decline In 2012; Plans Face Increased Regulation & Enforcement**
- **HHS Credits Health Reform For Getting Health Coverage For Added 1 Million Young Adults**
- **4th Circuit Rejects Two Challenges To Affordable Care Act Constitutionality**
- **Stamer Named Fellow In American College of Employee Benefits Counsel**
- **ABA TIPS Section Appoints Cynthia Marcotte Stamer Vice Chair of Employee Benefits General Committee**
- **Affordable Care Act To Require Health Plans Cover Contraception & Other Women's Health Procedures In 2012**
- **Company Executives, Plan Sponsors & Others May Face Personal Liability When Others Defraud Plans or Mismanage Employee Benefit Plan Responsibilities**
- **EEOC Finalizes Updates To Disability Regulations In Response to ADA Amendments Act: Employers Should Manage Risks**
- **Employer Charged With Misclassifying & Underpaying Workers To Pay \$754,578 FLSA Back pay Settlement**
- **HHS Imposes 1st HIPAA Privacy Civil Penalty of \$4.3 Million**
- **NLRB Settlement Shows Care Necessary When Employers Use Social Networking & Other Policies Restricting Employee Communications**
- **Wage & Hour Law Settlements Highlight Rising Wage & Hour Risks of U.S. Employers**
- **OCR Requires Rhode Island DHS To Provide Translation, Other Services For Limited English, Other Language Impaired Accommodations**

For important information concerning this communication click [here](#). THE FOLLOWING DISCLAIMER IS INCLUDED TO COMPLY WITH AND IN RESPONSE TO U.S. TREASURY DEPARTMENT CIRCULAR 230 REGULATIONS. ANY STATEMENTS CONTAINED HEREIN ARE NOT INTENDED OR WRITTEN BY THE WRITER TO BE USED, AND NOTHING CONTAINED HEREIN CAN BE USED BY YOU OR ANY OTHER PERSON, FOR THE PURPOSE OF (1) AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER FEDERAL TAX LAW, OR (2) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY TAX-RELATED TRANSACTION OR MATTER ADDRESSED HEREIN.

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