

MassMutual's ERISA Advisory ServicesSM

Qualified Plan Limits set for 2012

The Internal Revenue Service announced the 2012 plan limits applicable to qualified defined benefit and defined contribution plans. These figures appear in IR-2011-103, published October 20, 2011.

In general, many of the pension plan limitations will change for 2012 because the increase in the cost-of-living index met the statutory thresholds that trigger their adjustment. However, some limitations will remain unchanged (for example, the 2012 catch-up contribution limit for those aged 50 and over remains unchanged).

A comparison of 2012 and 2011 limits follow:

	2012	2011
Limit on Elective Deferrals	\$17,000	\$16,500
Highly Compensated Employee On the Basis of Income	\$115,000	\$110,000
Defined Benefit Plan IRC §415 Limit on Benefits	\$200,000	\$195,000
Defined Contribution Plan IRC §415 Dollar Limit	\$50,000	\$49,000
Limit on Annual Compensation	\$250,000	\$245,000
Limit on Catch-up Contributions for Workers Aged 50 or Older	\$5,500	\$5,500
Key Employee Top Heavy Limit	\$165,000	\$160,000

Year 2012 Social Security Amounts

The Social Security Administration has announced that there is an increase in the cost of living adjustment (“COLA”) from the third quarter of 2008, the last year a COLA was determined, to the third quarter of 2011. Therefore, the Social Security COLA is 3.6 percent for 2012. The Social Security Administration announced this COLA increase in an October 19, 2011 news release.

- The Social Security Taxable wage base will be \$110,100 in 2012.
- The FICA tax (OASDI and Medicare) payable by both employees and employers remains 7.65% up to the taxable wage base, and 1.45% thereafter.
- The Social Security (OASDI) tax, assessed up to the taxable wage base, remains 6.2% for employers and will be increased to 6.2% for employees. (The workers’ percentage of the OASDI portion of Social Security taxes for workers was reduced in 2011.)
- The 1.45% Medicare (HI) tax continues to apply to all earnings.



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