



Rosen Seymour Shapss Martin & Company LLP
Certified Public Accountants & Profitability Consultants

RSSM Alert

Plan Limits for 2012 Cost of Living Adjustments

To Clients and Friends of the Firm:

Based on the Consumer Price Index, the Internal Revenue Service and the Social Security Administra have announced the cost-of-living adjusted figures for various types of retirement plabs, social securit and other benefits for 2012. Below is a comparison of the various limits effective for 2012 and 2011:

Maximum:	<u>2012</u>	<u>2011</u>
Annual compensation that can be considered, including Simplified Employee Pension (SEP) plans	\$ 250,000	\$ 245,000
Annual benefit for participants of defined benefit plans, age 65 and older	\$ 200,000	\$ 195,000
Annual contributions to a defined contribution plan (not to exceed 100% of compensation)	\$ 50,000	\$ 49,000
Elective deferrals to a 401(k), 403(b) or 457 plan	\$ 17,000	\$ 16,500
"Catch-up" deferrals to a 401(k), 403(b), 457 or SEP plan for participants age 50 and above at the end of the plan year	\$ 5,500	\$ 5,500
Contribution to a SIMPLE plan	\$ 11,500	\$ 11,500
"Catch-up" deferrals to a SIMPLE plan	\$ 2,500	\$ 2,500
IRA (including ROTH IRA) contributions	\$ 5,000	\$ 5,000
"Catch-up" contributions to an IRA/Roth IRA	\$ 1,000	\$ 1,000

Wages subject to Social Security (OASDI) Tax	\$ 110,100	\$ 106,800
Wages subject to Medicare (HI) Tax	no limit	no limit

In addition to the above, the following apply:

Minimum annual compensation required for employee to be included in a Simplified Employee Pension (SEP) Plan. **\$ 550** \$ 550

Highly Compensated Employee (HCE) threshold **\$ 115,000** \$ 110,000

The phaseout range for deductible IRA contributions for active participants

in an employer sponsored plan **begins** at-

Married Filing Jointly or Qualified Widow(er)	\$ 92,000	\$ 90,000
Single or Head of Household	\$ 58,000	\$ 56,000
Married Filing Separately	0	0

The phaseout range for deductible IRA contributions for taxpayers who are

not active participants but are married to an active participant **begins** at **\$ 173,000** \$ 169,000

The phaseout range for allowable ROTH IRA contributions **begins** at-

Married Filing Jointly or Qualified Widow(er)	\$ 173,000	\$ 169,000
Single or Head of Household	\$ 110,000	\$ 107,000
Married Filing Separately	0	0

Should you have any questions please feel free to contact me at 212-303-1806 or e-mail me at aneumark@rssmcpa.com.

Sincerely,

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Partner-in-Charge of Employee Benefits and Executive Compensation

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