



for your information®

Volume 34 | Issue 84 | October 20, 2011

IRS Announces Key Benefit Plan Limits for 2012

The IRS has issued a [press release](#) announcing the retirement plan limits for 2012, and [Revenue Procedure 2011-52](#), which contains 2012 limits for qualified transportation fringe benefits, adoption assistance programs, long-term care products, and medical savings accounts.

Retirement Plan Limits

In the table below, we list the key 2012 limits and the corresponding 2011 limits.

	<u>2012</u>	<u>2011</u>
§401(k)/403(b) Elective Deferral Maximum	\$ 17,000	\$ 16,500
§415 Defined Benefit Dollar Maximum	200,000	195,000
§415 Defined Contribution Annual Addition Maximum	50,000	49,000
§457(b) Nonqualified Deferred Compensation Limit	17,000	16,500
§401(a)(17) Annual Compensation Limit	250,000	245,000
§414(q) Highly-Compensated Employee Limit	115,000	110,000
§414(v) Catch-up Contribution Limit	5,500	5,500

The Section 401(a)(17) annual compensation limit for certain grandfathered participants in governmental plans in existence on July 1, 1993 increases from \$360,000 in 2011 to \$375,000 for 2012.

Qualified Transportation Fringe Benefits

The monthly limits under Section 132(f) for tax years beginning in 2012 (compared with 2011) are:

	<u>2012</u>	<u>2011</u>
Commuter highway vehicle and transit pass	\$ 125	\$ 230
Qualified parking	240	230

BUCK COMMENT: The American Recovery and Reinvestment Act of 2009 temporarily (from March 1, 2009 through December 31, 2010) increased the monthly transit pass/vanpool limit to equal the monthly parking limit. Although the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended this provision through 2011, no further extension is in place for 2012.

Adoption Assistance Programs

For employer-provided adoption assistance programs, the maximum amount excludible from an employee's income in 2012 (compared with 2011) for the adoption of a child (both for regular and special needs adoptions) are shown below. The excludible amount phases out for taxpayers with modified adjusted gross income that exceeds certain levels.

	<u>2012</u>	<u>2011</u>
Excludible amount	\$ 12,650	\$ 13,360
Phaseout income thresholds		
Phaseout begins	\$ 189,710	\$ 185,210
Phaseout complete	229,710	225,210

Long-Term Care Premiums

The limits under Section 213 for eligible long-term care premiums that qualify as medical expenses for tax years beginning in 2012 (compared with 2011) are shown below, based on attained age before the close of the taxable year.

	<u>2012</u>	<u>2011</u>
Age 40 or less	\$ 350	\$ 340
> 40 but ≤ 50	660	640
> 50 but ≤ 60	1,310	1,270
> 60 but ≤ 70	3,500	3,390
> 70	4,370	4,240

Health Savings Accounts

The 2012 limits for contributions to health savings accounts and for high-deductible health plans were released earlier this year. (See our May 20, 2011 [For Your Information](#).)

Medical Savings Accounts

Medical Savings Accounts (MSAs) are available to employees of small businesses and self-employed individuals if they participate in high-deductible health plans. The deductible limits and out-of-pocket limits in connection with these plans differ from those for HSAs.

For tax years beginning in 2012, the annual deductible for an MSA high-deductible health plan may not be less than \$2,100 and not more than \$3,150 for single coverage, and not less than \$4,200 and not more than \$6,300 for family coverage. Also, annual out-of-pocket expenses (exclusive of premiums) cannot exceed \$4,200 for single coverage and \$7,650 for family coverage.

Conclusion

Buck's consultants are ready to assist you with updating any documents and employee communications to reflect the adjusted 2012 amounts.

Our *For Your Reference*, a wallet-sized booklet showing retirement plan and other benefit limits and various Social Security and Medicare key figures, will be available shortly from your Buck consultant.

This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.