



For your information

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## IRS Announces Key Benefit Plan Limits for 2013

The IRS has issued a [press release](#) announcing the retirement plan limits for 2013, and [Revenue Procedure 2012-41](#), which contains 2013 limits for long-term care premiums and medical savings accounts. Limits for qualified transportation fringe benefits and adoption assistance programs, which are normally included in this guidance, will be announced at a future date.

### INSIGHT

Many other updated figures that would normally be included in Revenue Procedure 2012-41, such as the 2013 income tax brackets and estate tax limits, were intentionally omitted. The IRS was faced with publishing figures based on 2013 tax law with or without the changes that are automatically triggered if Congress allows the “Bush-era Tax Cuts”, among others, to expire, creating a so-called “fiscal cliff”. The IRS notes that “these items will be addressed in future guidance”. We discuss the repercussions of the “fiscal cliff” on select benefit plan issues in our October 18, 2012 [For Your Information](#).

### Retirement Plan Limits

In the table below, we list the key 2013 limits and the corresponding 2012 limits.

	<u>2013</u>	<u>2012</u>
401(k)/403(b) Elective Deferral Maximum	\$ 17,500	\$ 17,000
§415 Defined Benefit Dollar Maximum	205,000	200,000
§415 Defined Contribution Annual Addition Maximum	51,000	50,000
§457(b) Nonqualified Deferred Compensation Limit	17,500	17,000
§401(a)(17) Annual Compensation Limit	255,000	250,000
§414(q) Highly-Compensated Employee Limit	115,000	115,000
§414(v) Catch-up Contribution Limit	5,500	5,500
§416(i) Top-heavy Officer Limit	165,000	165,000

The Section 401(a)(17) annual compensation limit for certain grandfathered participants in governmental plans in existence on July 1, 1993 increases from \$375,000 in 2012 to \$380,000 for 2013.

## 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 2013 (compared with 2012) are shown below, based on attained age before the close of the taxable year.

	<u>2013</u>	<u>2012</u>
Age 40 or less	\$ 360	\$ 350
> 40 but ≤ 50	680	660
> 50 but ≤ 60	1,360	1,310
> 60 but ≤ 70	3,640	3,500
> 70	4,550	4,370

## Health Savings Accounts

The 2013 limits for contributions to health savings accounts and for high-deductible health plans were released earlier this year. (See our May 7, 2012 [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 2013, the annual deductible for an MSA high-deductible health plan may not be less than \$2,150 and not more than \$3,200 for single coverage. The annual deductible for an MSA high-deductible health plan may not be less than \$4,300 and not more than \$6,450 for family coverage. Also, annual out-of-pocket expenses (exclusive of premiums) cannot exceed \$4,300 for single coverage and \$7,850 for family coverage.

## In Closing

Buck's consultants are ready to assist you with updating any documents and employee communications to reflect the adjusted 2013 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.  
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