

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

Dear Valued Client:

The Internal Revenue Service has issued the **2012 limitations** for qualified retirement plans. We have summarized the most significant limitations as follows

Annual Limitations

401(k) and 403(b) limit (if applicable to your Plan) for 2012: **\$ 17,000**

401(k) and 403(b) **Catch-Up** Contributions
For individuals age 50 and over (for 2012): **\$ 5,500**

Percent of salary limitation (subject to Annual Contribution
limit listed above): **100%**

Maximum *Defined Contribution Plan Limit* (for 2012): **\$ 50,000**

Annual Compensation Limit (for 2012) **\$250,000**

Defined Benefit Plan Annual Benefit (for 2012): **\$200,000**

Definition of Highly Compensated Employees for 2012:

5% Owner or any lineal ascendant or descendent of a 5% Owner (no compensated limit allowed)
Any Employee **\$115,000**

These new limits take effect in the plan-year that begins in 2012.

Employers who are interested in providing Profit Sharing contributions to their employees could possibly benefit from a higher overall individual contribution limit of \$50,000 (appropriate contributions would be required for eligible employees). Please contact us for further details.

Remember that individuals with IRA assets outside of an Employer's 401(k) Plan can transfer those assets to their 401(K) account.

The Social Security Administration has announced the 2012 Taxable Wage Base to be \$110,100.

If you have any questions regarding the above limitations, please feel free to contact us.