

# The PRS Report

## 2012 Pension Plan Increases

The Internal Revenue Service and Social Security Administration have recently announced the 2012 Pension Plan cost-of-living increases. For your convenience and reference, they are listed below, along with the 2011 limits, which are shown for comparison purposes.

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### 2012 PENSION PLAN INCREASES

### IMPORTANT REMINDER FOR 401(K) PLAN SPONSORS

### THANK YOU

Item	2012	2011
1. Maximum contribution to a 401(k) Plan	\$ 17,000	\$ 16,500
2. Additional 401(k) Plan Catch-Up Contribution (for participants age 50 and over)	5,500	5,500
3. Maximum Profit Sharing Plan contribution for a participant*	50,000	49,000
4. Maximum 401(k) and Profit Sharing Plan contributions for a participant age 50 or older*	55,500	54,500
5. Maximum Defined Benefit Pension Plan Benefit (Dollar Limit payable at ages 62 to 65)	200,000	195,000
6. Maximum compensation that can be used for Plan purposes	250,000	245,000
7. Highly Compensated Employee Compensation Threshold	115,000	110,000
8. Social Security Taxable Wage Base	110,100	106,800

\* Please note that the defined benefit contribution may be higher than the maximum profit sharing and 401(k) amounts shown above. Please contact us if you want to contribute more than these amounts.

## 2012 Pension Plan Increases (continued)

As part of the services we provide, we will automatically incorporate any applicable increases when we prepare your 2012 valuation. These changes may increase the contributions to your Company's Plans. In addition, they may also help Employers increase the contribution for the principals relative to the other plan participants. Do not hesitate to contact us if you would like to change ( either increase or decrease) your Plan's contributions. The earlier we know, the more alternatives that may be available. Do not hesitate to contact us if you have any questions. Let us know what you want.



## Important Reminder for 401(k) Plan Sponsors

For all 401(k) Plan Sponsors, Participants must be given the opportunity to change their elections at least once a year. Therefore it is a good idea to distribute election forms every December (for calendar-year plans) to all eligible employees, whether they currently make 401(k) contributions to the Plan or not. Particularly for those employees currently not contributing to the Plan, it is important for you as the Plan Sponsor to keep these signed and completed election forms on file. In case of plan audit, not having election forms for a plan with either minimal participation or only owner participation will raise all sorts of red flags.

If a participant elects to make 401(k) contributions, you should coordinate the participant's election with your payroll provider and establish an account with the Trust for the participant's 401(k) contribution deducted from payroll. By non-highly compensated participants contributing more in 401(k), non-discrimination test results will improve, thereby possibly enabling the company to save money in employer contributions.

## Thank You

A number of clients have complimented us on the quality of our services. If you are pleased with our services, please recommend us to your friends and associates. If you are unhappy with a service that we have provided, then it is important that you let us know so that we can correct the problem and improve our services. We look forward to your input, appreciate your referrals and welcome new clients.

Thank you for giving us the opportunity to provide services on your behalf. May 2012 be better than 2011, and may you, your staff and your family enjoy a happy, healthy and prosperous 2012.



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