

IRS Announces Pension Plan Limitations and Other Inflation-Adjusted Amounts for 2013

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On October 18, 2012, the Internal Revenue Service issued [IR-2012-77](#), a news release announcing the 2013 inflation adjustments affecting pension plans and other retirement-related items. The following are among the more significant changes (and non-changes) for 2013:

- The elective deferral limit for employees who participate in 401(k), 403(b), and most 457 plans is increased from \$17,000 to \$17,500.
- The catch-up contribution limit for employees aged 50 and over who participate in 401(k), 403(b), and certain 457 plans remains unchanged at \$5,500.
- The limitation on the annual benefit under a defined benefit plan is increased from \$200,000 to \$205,000.
- The limitation on annual contributions to defined contribution plans is increased from \$50,000 to \$51,000.
- The limit on the amount of compensation that can be taken into account for purposes of numerous tests is increased from \$250,000 to \$255,000.
- The dollar limitation concerning the definition of key employee in a top-heavy plan remains unchanged at \$165,000.
- The limitation used in the definition of highly compensated employee remains unchanged at \$115,000.
- The limitation on elective SIMPLE retirement account contributions is increased from \$11,500 to \$12,000. (This is before taking into account the additional contribution of \$2,500 available to taxpayers who are at least 50 years of age; this amount is unchanged.)
- The deductible amount for an individual making contributions to an individual retirement account is increased from \$5,000 to \$5,500. (This is before taking into account the additional contribution of \$1,000 available to taxpayers who are at least 50 years of age; this amount is unchanged.)

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