

November 9, 2010

Internal Revenue Service Publishes 2011 Pension Plan Limitations

On October 28, 2010, the IRS announced cost-of-living adjustments applicable to certain dollar limitations for employee pension benefit plans for 2011. In general, the limits either remain unchanged from or reflect modest inflation adjustments over 2010:

- The annual benefit limit for defined benefit plans remains unchanged at \$195,000.
- The annual addition limit for defined contribution plans remains unchanged at \$49,000.
- The Section 402(g) limit with respect to the exclusion for elective deferrals to a 401(k), 403(b) or 457 plan remains unchanged at \$16,500.
- The annual compensation limit under Sections 401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D) remains unchanged at \$245,000.
- The dollar limit for key employees in a top-heavy plan under Section 416(i)(1)(A) remains unchanged at \$160,000.
- The dollar amount under Section 409(o)(1)(C)(ii) for determining the maximum account balance in an employee stock ownership plan ("ESOP") subject to a five-year distribution period remains unchanged at \$985,000. The dollar amount used to determine the lengthening of the five-year distribution period remains unchanged at \$195,000.
- The dollar limit for catch-up contributions for anyone 50 and older under Section 414(v)(2)(B)(i) remains unchanged at \$5,500, while the limit applicable to those participants under plans subject to Section 414(v)(2)(B)(ii) (i.e., to SIMPLE plans and retirement accounts) remains unchanged at \$2,500.
- The annual compensation limit under Section 401(a)(17) for eligible participants in governmental plans that allowed cost-of-living adjustments to be taken into account for purposes of Section 401(a)(17) remains unchanged at \$360,000.



Related practice areas:

[Employee Benefits and Executive Compensation](#)

For more information, please contact any of the individuals listed below:

David P. Doyle ^{NJ}
[ddoyle@daypitney.com](mailto:doyoyle@daypitney.com)
(973) 966 8136

Kathy A. Lawler ^{NJ}
klawler@daypitney.com
(973) 966 8172

Joseph R. Simone ^{NY}
jsimone@daypitney.com
(212) 297 5859

Susan M. Szafranski ^{NJ, NY}
sszafranski@daypitney.com
(973) 966 8247

Jennifer M. Miani ^{MA, CT, NY}
jmmiani@daypitney.com
(617) 345 4781

Frank A. Rubinetti ^{NJ, NY}
frubinetti@daypitney.com
(973) 966 8089

Erek M. Sharp ^{NY, MA, ME}
esharp@daypitney.com
(973) 966 8246

- The annual deductible IRA contribution limit remains unchanged at \$5,000.
- The additional deductible IRA catch-up contribution remains unchanged at \$1,000.
- A complete list of applicable pension plan limitations can be found on the IRS website at <http://www.irs.gov/newsroom/article/0,,id=229975,00.html>.

Bar Admissions: Connecticut^{CT} Maine^{ME} Massachusetts^{MA}
New Jersey^{NJ} New York^{NY}

This e-mail is provided for educational and informational purposes only and is not intended and should not be construed as legal advice. This publication may be deemed advertising under applicable state laws.

If you have any questions regarding this communication, please contact Day Pitney LLP at 7 Times Square, New York, NY 10036, T: 212 297 5800.

© 2010, Day Pitney LLP | 7 Times Square | New York | NY | 10036