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# ERISA 2013 Limits

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## Plan Limitations for 2013

Various retirement plan limits are subject to annual cost-of-living and/or statutory adjustments. Some of the limits for 2013 have increased. The change in plan-related limits is always a reminder that the end of the year is fast approaching. Often, December 31 is a date by which certain actions relative to plans must be taken.

Some of the more commonly applicable limits for 2013 are as follows:

Maximum Contribution to 401(k), Profit Sharing, and other Defined Contribution Plans. **\$51,000 for 2013** (increased from \$50,000).

Pre-Tax 401(k), 403(b), and 457(b) Employee Contribution Limit. **\$17,500 for 2013** (increased from \$17,000).

Age 50 Catch-up Contribution Limit. **\$5,500 for 2013.** This limit is unchanged from 2012.

Maximum Annual Recognized Compensation Limit. **\$255,000 for 2013** (increased from \$250,000). To limit retirement plan accumulations for high paid employees, as well as to increase contributions for non-high paid employees, retirement plans generally may only recognize compensation up to this limit.

Highly Compensated Employee Threshold. **\$115,000 for 2013** (unchanged from 2012). Under ERISA's nondiscrimination rules, the employee population is divided into two groups – the highly compensated employees and the nonhighly compensated employees. A highly compensated employee generally is an employee who owns more than 5% of the employer sponsoring the plan or whose compensation in the preceding year exceeds the dollar threshold.

Defined Benefit Plan Limit. **\$205,000 for 2013** (increased from \$200,000). In a defined benefit plan, the law limits the annual pension payable to the participant upon retirement (as opposed to limiting the annual additions going into a defined contribution plan). If you desire to possibly accumulate significant retirement benefits over and above the \$51,000 annual defined contribution limit, a defined benefit plan should be explored.

Social Security Taxable Wage Base. **\$113,700 for 2013** (increased from \$110,100). This figure affects the way in which employer contributions are allocated to participants under "integrated" plans.

For additional information or if you have questions, please contact Jeffery Mandell or John Hughes at 208-342-5522 or 866-ERISALAW.

*The foregoing is intended to provide general information only and does not provide legal advice. The application of ERISA laws can be complex. For information regarding the impact of these developments under your particular facts and circumstances, please call us.*