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Important Announcement from The OMNI Group: 2012 Contribution Limits

Dear Valued Client,

The IRS has recently announced the 2012 Maximum Allowable Contribution (MAC) limits, including several significant changes from previous limits, which were unchanged since 2009.

The elective deferral limit for 403(b)/457 plans has increased to \$17,000 (from a previous limit of \$16,500). All catch up extensions will remain unchanged in 2012. Employees age 50 and over will be entitled to contribute an additional \$5,500 to their 403(b)/457 plan(s) thereby increasing the elective deferral limit to \$22,500. Individuals with at least 15 years of service with their current employer may be entitled to contribute up to an additional \$3,000 above their age-based limit, potentially increasing the limit to \$25,500 for a participant utilizing both the age based and the full amount of the service based catch-up provisions.

If your organization plans to make non-elective/employer contributions in 2012, please note that the 415(c) limit has increased to \$50,000 (from last year's limit of \$49,000). Accordingly, employers may contribute up to \$50,000 to an employee's 403(b) plan. Recipients of non-elective contributions aged 50 and up will retain the opportunity to utilize the age based catch-up beyond the 415(c) limitation, allowing for a "combined maximum" of \$55,500 in 2012. Please note that the amount of non-elective employer contributions is reduced by employee elective deferrals.

If you have any questions concerning the 2012 contribution limits, or any other 403(b)/457 concern, please do not hesitate to contact your organization's dedicated Compliance Specialist.

Regards,

The OMNI Group
877-544-6664