

**TCRS 2004-08: Pension Plan Limitations for 2001-2005**

The IRS issued the 2005 benefit and contribution limits and cost of living adjustments (“COLAs”) for qualified plans and IRAs.

Attached is the table prepared by TRS’ Plan Compliance Department reflecting the 2005 increases. If you have any questions, please contact any member of the Legislative Task Force.

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**PENSION PLAN LIMITATIONS FOR 2001 - 2005**

<b>Benefit Limit</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Sec. 415 Defined Benefit Dollar Limit IRC Sec. 415(b)(1)(A)	\$140,000	\$160,000	\$160,000 <sup>1</sup>	\$165,000 <sup>1</sup>	\$170,000 <sup>1</sup>
Sec. 415 Defined Contribution Dollar Limit IRC Sec. 415(c)(1)(A)	\$35,000 <sup>2</sup>	\$ 40,000 <sup>3</sup>	\$ 40,000 <sup>3</sup>	\$ 41,000 <sup>3</sup>	\$42,000 <sup>3</sup>
Elective Deferral Limit for 401(k) Plans IRC Sec. 402(g)(1)	\$10,500	\$ 11,000	\$ 12,000 <sup>4</sup>	\$ 13,000 <sup>4</sup>	\$14,000 <sup>4</sup>
Catch-Up Limits for 401(k) Plans (age 50+)	N/A	\$ 1,000	\$ 2,000 <sup>5</sup>	\$ 3,000 <sup>5</sup>	\$4,000 <sup>5</sup>
Minimum Compensation Amount for SEPs (Non-SIMPLE) IRC Sec. 408(k)(2)(C)	\$ 450	\$ 450	\$ 450	\$ 450	\$ 450
Maximum Compensation Limit for SEPs - IRC Sec. 408(k)(3)(C), 408(k)(6)(D)(ii), Qualified Plans, IRC Secs. 401(a)(17), 404(l)	\$170,000	\$200,000	\$200,000 <sup>6</sup>	\$205,000 <sup>6</sup>	\$210,000 <sup>6</sup>
Highly Compensated Employee Definitional Limits IRC Sec. 414(q)(1)(B)	\$ 85,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 95,000
ESOP Payout Limits IRC Sec. 409(o)(1)(C)(ii)	\$155,000 <sup>7</sup> \$780,000 <sup>8</sup>	\$160,000 <sup>7</sup> \$800,000 <sup>8</sup>	\$160,000 <sup>7</sup> \$810,000 <sup>8</sup>	\$165,000 <sup>7</sup> \$830,000 <sup>8</sup>	\$170,000 <sup>7</sup> \$850,000 <sup>8</sup>
SS Taxable Wage Base	\$80,400	\$84,900	\$87,000	\$87,900	\$90,000
Contribution Limit for SIMPLE IRC Sec. 408(p)(2)(A)	\$ 6,500	\$ 7,000	\$ 8,000 <sup>9</sup>	\$ 9,000 <sup>9</sup>	\$10,000 <sup>9</sup>
Catch-Up Limits for SIMPLE 401(k) Plan (Age 50+)	N/A	\$ 500	\$ 1,000 <sup>10</sup>	\$ 1,500 <sup>10</sup>	\$2,000 <sup>10</sup>
Key Employee Officer Compensation IRC Sec. 416(i)(1)(A)(i)	\$70,000	\$130,000	\$130,000	\$130,000	\$135,000

Legend:

- <sup>1</sup> EGTRRA provides the lesser of \$160,000 with COLA increase, if any, in \$5,000 increments after 2002 or 100% of the employee's average compensation for his high 3 years.
- <sup>2</sup> Lesser of \$35,000 or 25% of employee compensation.
- <sup>3</sup> EGTRRA provides the lesser of \$40,000 with Cost of Living Adjustment (COLA) increase, if any, in \$1,000 increments after 2002 or 100% of employee compensation.
- <sup>4</sup> Increasing by \$1,000 each year in 2004-6; thereafter COLA increase, if any, in \$500 increments.
- <sup>5</sup> Increasing by \$1,000 each year in 2004-6; thereafter, COLA increase, if any, in \$500 increments.
- <sup>6</sup> COLA increase, if any, in \$5,000 increments after 2002.
- <sup>7</sup> Amount used to determine the lengthening of the 5-year distribution period.
- <sup>8</sup> Amount used for determining the maximum account balance in an ESOP subject to a 5-year distribution period.
- <sup>9</sup> Increasing by \$1,000 each year in 2004-5; thereafter, COLA increase, if any, in \$500 increments.
- <sup>10</sup> Increasing by \$500 each year in 2004-6; thereafter, COLA increase, if any, in \$500 increments.