

TCRS 2005-05: Pension Plan Dollar Limitations for 2002-2006

The Internal Revenue Service issued the 2006 benefit and contribution limits, and cost of living adjustments (“COLAs”) for qualified plans and IRAs. The following Table reflects the 2006 adjustments.

PENSION PLAN DOLLAR LIMITATIONS FOR 2002 - 2006

Benefit Limit	2002	2003	2004	2005	2006
Sec. 415 Defined Benefit Dollar Limit IRC Sec. 415(b)(1)(A)	\$160,000	\$160,000 ¹	\$165,000 ¹	\$170,000 ¹	\$175,000 ¹
Sec. 415 Defined Contribution Dollar Limit IRC Sec. 415(c)(1)(A)	\$ 40,000 ²	\$ 40,000 ²	\$ 41,000 ²	\$42,000 ²	\$44,000 ²
Elective Deferral Limit for 401(k) Plans IRC Sec. 402(g)(1)	\$ 11,000	\$ 12,000 ³	\$ 13,000 ³	\$14,000 ³	\$15,000 ³
Catch-Up Limits for 401(k) Plans (age 50+)	\$ 1,000	\$ 2,000 ⁴	\$ 3,000 ⁴	\$4,000 ⁴	\$5,000 ⁴
Minimum Compensation Amount for SEPs (Non-SIMPLE) IRC Sec. 408(k)(2)(C)	\$ 450	\$ 450	\$ 450	\$ 450	\$450
Maximum Compensation Limit for SEPs - IRC §§ 408(k)(3)(C), 408(k)(6)(D)(ii), Qualified Plans, IRC §§ 401(a)(17), 404(l)	\$200,000	\$200,000 ⁵	\$205,000 ⁵	\$210,000 ⁵	\$220,000 ⁵
Highly Compensated Employee Definitional Limits IRC Sec. 414(q)(1)(B)	\$ 90,000 ⁶	\$ 90,000 ⁶	\$ 90,000 ⁶	\$ 95,000 ⁶	\$100,000 ⁶
ESOP Payout Limits IRC Sec. 409(o)(1)(C)(ii)	\$160,000 ⁷ \$800,000 ⁸	\$160,000 ⁷ \$810,000 ⁸	\$165,000 ⁷ \$830,000 ⁸	\$170,000 ⁷ \$850,000 ⁸	\$175,000 ⁷ \$885,000 ⁸
SS Taxable Wage Base	\$84,900	\$87,000	\$87,900	\$90,000	\$94,200
Contribution Limit for SIMPLE IRC Sec. 408(p)(2)(A)	\$ 7,000	\$ 8,000 ⁹	\$ 9,000 ⁹	\$10,000 ⁹	\$10,000 ⁹
Catch-Up Limits for SIMPLE 401(k) Plan (Age 50+)	\$ 500	\$ 1,000 ¹⁰	\$ 1,500 ¹⁰	\$2,000 ¹⁰	\$2,500 ¹⁰
Key Employee Officer Compensation IRC Sec. 416(i)(1)(A)(i)	\$130,000 ¹¹	\$130,000 ¹¹	\$130,000 ¹¹	\$135,000 ¹¹	\$140,000 ¹¹
Key Employee 1-percent Owner Compensation IRC Sec. 416(i)(1)(A)(iv)	\$150,000 ¹¹	\$150,000 ¹¹	\$150,000 ¹¹	\$150,000 ¹¹	\$150,000 ¹¹

Legend:

1. EGTRRA provides the lesser of \$160,000 with Cost of Living Adjustments (COLA) increase, if any, in \$5,000 increments after 2002 or 100% of the employee’s average compensation for his high 3 years.
2. EGTRRA provides the lesser of \$40,000 with COLA increase, if any, in \$1,000 increments after 2002 or 100% of employee compensation.
3. Increasing by \$1,000 each year in 2004-6; thereafter COLA increase, if any, in \$500 increments.
4. Increasing by \$1,000 each year in 2004-6; thereafter, COLA increase, if any, in \$500 increments.
5. COLA increase, if any, in \$5,000 increments after 2002.
6. Amount applies to the Look-Back Year.
7. Amount used to determine the lengthening of the 5-year distribution period.
8. Amount used for determining the maximum account balance in an ESOP subject to a 5-year distribution period.
9. Increasing by \$1,000 each year in 2004-5; thereafter, COLA increase, if any, in \$500 increments.
10. Increasing by \$500 each year in 2004-6; thereafter, COLA increase, if any, in \$500 increments.
11. For Plan Year which includes the Top Heavy determination date.

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