

IRS announces 2011 retirement plan limits

To make it possible for voluntary retirement savings to keep up with inflation, the various numerical limits embedded within qualified retirement plans are indexed for inflation. In October the IRS announced the numbers that will apply in 2011, as shown in the following table:

Item	2011 limit
401(k) and 403(b) employee deferral limit	\$16,500
457 employee deferral limit	\$16,500
Catch-up contribution limit	\$5,500
Defined contribution dollar limit	\$49,000
Defined benefit dollar limit	\$195,000
Compensation limit	\$245,000
Highly compensated employee income limit	\$110,000
Key employee officer	\$160,000

Catch-up contributions are permitted by those employees who are 50 or older during the calendar year.

Saving for retirement is probably never harder than during rocky economy times. It's those times when it is also most important.

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