

MEMO# 15282

October 21, 2002

IRS ANNOUNCES RETIREMENT PLAN LIMITATIONS FOR TAX YEAR 2003

[15282] October 21, 2002 TO: PENSION MEMBERS No. 48-02 PENSION OPERATIONS ADVISORY COMMITTEE No. 68-02 RE: IRS ANNOUNCES RETIREMENT PLAN LIMITATIONS FOR TAX YEAR 2003 The Internal Revenue Service has issued the attached news release concerning the dollar limitations applicable to retirement plans that become effective January 1, 2003, under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), as well as certain cost-of-living adjustments. Most of the defined contribution plan limitations subject to cost-of-living adjustments will remain unchanged from the 2002 limitations. New limitations that will become applicable as a result of EGTRRA include the following: • The elective deferral limitation under section 402(g)(1) of the Code and the limitation on deferrals under section 457(e)(17) will increase from \$11,000 to \$12,000. • The SIMPLE limitation under section 408(p)(2)(E) will increase from \$7,000 to \$8,000. • The dollar limitation for catch-up contributions under section 414(v)(2)(B)(i) will increase from \$1,000 to \$2,000, and the limitation for catch-up contributions under section 414(v)(2)(B)(ii) will increase from \$500 to \$1,000. Kathy D. Ireland Senior Associate Counsel
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