

MEMO# 18118

October 21, 2004

IRS ANNOUNCES PENSION PLAN LIMITATIONS FOR 2005

[18118] October 21, 2004 TO: PENSION MEMBERS No. 56-04 PENSION OPERATIONS ADVISORY COMMITTEE No. 74-04 RE: IRS ANNOUNCES PENSION PLAN LIMITATIONS FOR 2005 The Internal Revenue Service has released cost of living and other adjustments applicable to dollar limitations for pension plans. Effective for tax year 2005, the new dollar limitations include, but are not limited to, the following: Limit 2004 2005 Defined benefit plan limit, IRC 415(b)(1)(A) \$165,000 \$170,000 Defined contribution plan limit, IRC 415(c)(1)(A) \$41,000 \$42,000 Annual compensation limit IRC 401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)(D)(ii) \$205,000 \$210,000 Limit used for definition of highly compensated employee, IRC 414(q)(1) \$90,000 \$95,000 Elective deferral limit, IRC 402(g) \$13,000 \$14,000 Deferral limit for state and local governments and tax- exempt organizations, IRC 457(e)(15) \$13,000 \$14,000 SEP compensation amount, IRC 408(k)(2)(C) \$450 \$450 SIMPLE contribution limit, IRC 408(p)(2)(E) \$9,000 \$10,000 Catch-up contributions to qualified plans, 403(b) plans and 457 plans, IRC 414(v)(2)(B)(i) \$3,000 \$4,000 Catch-up contributions to SIMPLE plans IRC 414(v)(2)(B)(ii) \$1,500 \$2,000 To see the IRS release discussing all plan limit changes for 2005, you may also go to <http://www.irs.gov/newsroom/article/0,,id=130346,00.html>. Kathy D. Ireland Senior Associate Counsel

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