



ROBINSON & COLE LLP

Employee Benefits & Compensation



Special Bulletin - IRS Releases 2004 Plan Limits

Today the IRS issued the [2004 Cost-of-Living Adjustments](#) for retirement plans:

- The amount that employees can elect to defer under 401(k) plans, 403(b) annuities and SEPs is increased from \$12,000 to \$13,000 (this increase also applies to deferrals for deferred compensation plans of state and local governments and tax-exempt organizations).
- The amount that employees age 50 and over can elect to defer as a catch-up contribution is increased from \$2,000 to \$3,000.
- The cap on annual benefits under a defined benefit plan is increased from \$160,000 to \$165,000.
- The cap on annual additions to a defined contribution plan is increased from \$40,000 to \$41,000.
- The amount of annual compensation that can be taken into account in calculating plan contributions and benefits is increased from \$200,000 to \$205,000.

The \$130,000 amount for determining who is a key employee in a top-heavy plan and the \$90,000 amount for determining who is a highly compensated employee remain unchanged.

This is an archive of past issues. As a result, it may contain information that is not current.

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