



3600 MINNESOTA DRIVE
SUITE 375
EDINA, MINNESOTA 55435
952.806.9610
FAX 952.831.0332

NEWSLETTER - December 2011

To Our Clients, Business Partners and Friends...

Well, as my Dad used to say... "better late than never!" The *Minnesota Business* article that I hinted about in October (and which was pulled from the magazine at the last minute due to space considerations) has actually made it into the December edition (please see page 26!) We have already had a number of comments on the article... so I thought a little reminder would be beneficial. Watch your mail in January for another mailing – including a reprint. And since we're in "reminding mode," here are a few other tax and benefit plan issues you should be aware of as we head into the final weeks of the year.

Corporate Owned Life Insurance (COLI) Reporting

Companies that have purchased any COLI policies after August 17, 2006 are required to report the existence of the post-8/17/06 policies. An information return, Form 8925, must be filed with the Company's Federal tax return, on an annual basis. We cannot file the form for our clients, but we do supply the information needed to complete it. Please let us know if you or your tax advisors have any questions related to this form.

2012 COL Adjustments for Qualified Plan Limits

The IRS has announced the cost of living adjustments applicable to qualified pension and retirement savings plans. They are summarized below:

- Deferral limit for 401(k) and 403(b) plans is now \$17,000 (up from \$16,500 in '11)
- Annual Catch-up Contribution for participants age 50+ remains at \$5,500
- Annual Defined Contribution Plan limit is \$50,000 (up from \$49,000 in '11)
- Annual Defined Benefit Plan limit will now be \$200,000 (up from \$195,000)
- Allowable Compensation under Pension Plans rises to \$250,000 (up from \$245,000)
- Highly Compensated Employee def'n. [under IRC 414(q)] is \$115,000 (from \$110,000)
- Social Security Wage Base moves up to \$110,100 (from \$106,800 in '08)

www.MGMTCOMP.com Website Update

In conjunction with the *MN Business* article and some other, upcoming, public relations efforts – we are updating our website to make it easier to navigate and less "bandwidth" consuming when browsing through it. We plan to "go live" with the new version prior to January 1 – so please drop by and check us out on the web in the New Year... we'd love to hear your thoughts.

As always, "Thank You" for the chance to be of service. We really value our relationships with our clients and advisors and want you to know how grateful we are for the trust you have placed in us. Please let us know if we can provide you with any additional information related to these, or other, key employee compensation and benefit issues.