

Maximize Your Plan Contributions

Are you taking full advantage of your retirement plan?

For 2011, the amount that employees under age 50 can contribute to a 403(b) or 401(k) plan remains the same as it was in 2010: The maximum is \$16,500. Employees age 50 or older are allowed an additional catch-up contribution of \$5,500. Remember: Plans may set lower limits, so check with your plan administrator to learn the amount you're permitted to contribute.

Why no increase from 2010? Each year, the Internal Revenue Service determines the allowable limits based on changes in the cost-of-living index. If the index rises from one year to the next, the limits are adjusted upward.

In 2010, the index did not change. But since IRS procedures don't allow reductions in the contribution limits for defined-contribution retirement plans, the 2011 amounts remained the same as they were the previous year.

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