



E-Financial Update

2012 Retirement Plan Contributions

Now is a good time to plan for your 2012 voluntary, 457 Deferred Compensation Plan contributions. The overall 457 contribution limits for 2012 will be increasing, since the Regular Limit (under age 50) has gone up to \$17,000, even though the additional amount allowed for age 50+ has stayed the same (\$5,500).

The limits are the same for both the before-tax (Traditional) and the after-tax (Roth) contributions to your CCOERA 457 Deferred Compensation Plan. If you split your contributions between the Traditional & Roth options, the amounts will be combined and a single limit will be applied. The current 2011 and the new 2012 limits are shown below.

IRS Retirement Plan Limits		
	2011	2012
457 Deferred Compensation Limits		
Regular Salary Deferral Limits (under age 50)	\$ 16,500	\$ 17,000
Age 50 Catch-up Limits (\$17,000 + \$5,500)	\$ 22,000	\$ 22,500
“Special” 457 Catch-up Limits	\$ 33,000	\$ 34,000
401(a) Defined Contribution Plan Limits	\$ 49,000	\$ 50,000
Social Security Taxable Wage Base	\$ 106,800	\$ 110,100
<i>Consult your tax person for guidance on how these and other limits apply to your specific situation.</i>		

Eligible participants may also be able to use the **Retirement Savings Contribution Credit**. This tax credit, based on elective retirement plan contributions, encourages low and middle-income taxpayers to establish or maintain retirement savings accounts that can ensure adequate savings for retirement. The law provides a tax credit for voluntary contributions or elective deferrals to eligible retirement savings plans, such as the CCOERA 457 Deferred Compensation Plan.

The amount of the credit depends upon your tax filing status and adjusted gross income (AGI). This credit may be used against regular income tax liability. This credit is in addition to the deduction from gross income for making the deferrals, such as those made to CCOERA's 457 Deferred Compensation Plan, or for the income-tax deduction derived from contributions to traditional IRA's.

The maximum credit is 50 percent of the amount saved up to the first \$2,000 of savings, which is \$1,000 per individual (up to \$2,000 if filing jointly). Your credit rate can be as low as 10% or as high as 50%. However, it is completely phased out at various income levels depending on your filing status (married, head of household, etc.) The amount of the tax credit can be determined by completing IRS Form 8880 which is available at <http://www.irs.gov/pub/irs-pdf/f8880.pdf>. Please consult your tax advisor for guidance on how these and other limits apply to your tax situation.