

T-MAIL

Navigating the Executive Benefits Landscape
with The Todd Organization

November 2010



IRS Announces Qualified Retirement Benefit Limits for 2011; Nonqualified Plans Continue to be Essential for Highly Compensated Employees

THE INTERNAL REVENUE SERVICE RECENTLY ANNOUNCED the 2011 deferral, compensation and related limits for tax-advantaged qualified retirement plans. The amounts are nearly the same as in 2009 and 2010. However, even with full participation in qualified plans, as a result of the IRS limits most executives' qualified plans will only replace 15 to 35% of their annual pay at retirement. This compares to 70 to 80% for rank-and-file employees.

Despite the fact that the limits remain stable for 2011, these questions continue to be very relevant to companies and their executives:

- Are our executive retirement income plans and the features of our plans competitive with the market today?
- Should we consider adding a plan(s) or amending our existing plans?
- Should we improve the communication and education on our nonqualified retirement plans to facilitate greater participation?
- Should we review the cost of sponsoring our nonqualified deferred compensation plans?

The key 2011 IRS plan limitations, as announced October 28, are provided below.

Elective Deferrals	\$16,500
Catch-up Contributions	\$5,500
Defined Benefit Plan, Annual Benefit Limit	\$195,000
Defined Contribution Plan Section 415	\$49,000
Compensation Limit	\$245,000
Definition of Key Employee, Top-Heavy Plan	\$160,000
Definition of Highly Compensated Employee, Sect. 414	\$110,000

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For the complete list of updated limits visit: <http://www.irs.gov/newsroom/article/0,,id=229975,00.html>.

Also, in 2011, the maximum amount of income subject to Social Security taxation will remain unchanged at \$106,800.

Please visit our website: www.toddorg.com for information on how we can assist plan sponsors, and instructions on how to contact your Todd Executive Benefits Consultant.

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