

MEMO

February 2013

TO: All Highly Compensated Employees
FROM: Management
RE: **Notice of 2012 401(k) Contribution Refunds**

The IRS requires that plan sponsors conduct several nondiscrimination tests each year. One of these tests may impact the maximum contribution limit for highly compensated employees (HCEs). For 2013, HCEs are defined as employees who earned at least \$115,000 in 2012 or who own at least 5% of the company (regardless of their compensation).

Generally, the maximum dollar contribution allowed for 2013 is \$17,500 (\$17,000 for 2012). Employees who are at least 50 years of age, their maximum contribution is \$23,000 for 2013 (\$22,500 for 2012).

Please note, all refunds received, regardless of timing of contribution are reportable as income for the tax year in which the distribution is made (2013).