

ALERT

2009 Retirement Benefit Plan Limits

Each year, the IRS issues adjustments to the limits for company pension plans, Social Security, Medicare, and other plans to reflect inflation, and changes in the law. Plan sponsors and their advisors must annually adapt their plans to the new limits. Following are the limits for 2005 - 2009:

Retirement plans, published by IRS					
Annual Compensation:	2005	2006	2007	2008	2009
▲ Basic limit	210,000	220,000	225,000	230,000	245,000
<i>Limits on benefits and contributions:</i>					
▲ Defined benefit plans: basic limit	170,000	175,000	180,000	185,000	195,000
▲ Defined contribution plans: basic limit	42,000	44,000	45,000	46,000	49,000
▲ 401(k) 403(b) 457(b) plans, elective deferral: limit	14,000	15,000	15,500	15,500	16,500
▲ 401 (k), 403 (b), or governmental 457 (b) plans: Catch-up	4,000	5,000	5,000	5,000	5,500
▲ "Highly Compensated Employee" definition	95,000	100,000	100,000	105,000	110,000
▲ "Officer" for "key employee" definition	135,000	140,000	145,000	150,000	160,000
▲ SIMPLE plans: elective deferral limit	10,000	10,000	10,500	10,500	11,500
▲ SIMPLE Catch-up contribution	2,000	2,500	2,500	2,500	2,500
▲ Simplified Employee Pension (SEP)	450	450	500	500	550
▲ Personal IRA/ROTH IRA	4,000	4,000	4,000	4,000	4,000
▲ IRA 'Catch-up'	500	1,000	1,000	1,000	1,000
Social Security					
<i>Payroll taxes:</i>					
▲ Payroll tax rate, employer and employee share each	6.20%	6.20%	6.20%	6.20%	6.20%
▲ Wage base	\$90,000	94,200	97,500	102,000	106,800
Medicare					
▲ Payroll tax rate employer and employee share each	1.45%	1.45%	1.45%	1.45%	1.45%
▲ Wage base	Unlimited				