

**EMPLOYEE BENEFITS ALERT**

**NOVEMBER 2006**

**ANNUAL LIMITS FOR BENEFIT PLANS FOR 2007**

Each year, the U.S. government adjusts the limits for retirement plans, Social Security, Medicare, and other benefit programs to reflect price and wage inflation, and changes in the law. As a result, employers must annually adapt their benefit plans to accommodate the new limits. The limits for 2007 as well as last year's limits are set forth below.

APPLICABLE LIMIT	2006	2007
<b>Annual Compensation:<sup>1</sup></b>		
Basic limit	\$220,000	\$225,000
<b>Limits on Benefits and Contributions:</b>		
Defined benefit plan dollar limit <sup>2</sup>	\$175,000	\$180,000
Defined contribution annual addition limit <sup>3</sup>	\$ 44,000	\$ 45,000
401(k) and 403(b) elective deferral limit	\$ 15,000	\$ 15,500
457(b) deferral limit	\$ 15,000	\$ 15,500
<b>Age 50 Catch-up Contributions:</b>		
401(k), 403(b), or governmental 457(b) plans	\$ 5,000	\$ 5,000
<b>"Highly Compensated" Definition<sup>4</sup></b>	\$100,000	\$ 100,000
<b>"Officer" for "Key Employee" Definition</b>	\$140,000	\$145,000
<b>Social Security Taxable Wage Base<sup>5</sup></b>	\$ 94,200	\$ 97,500
<b>Medicare Taxable Wage Base</b>	Unlimited	Unlimited
<b>FICA Tax For Employers and Employees</b>	7.65%	7.65%
<b>OASDI Tax Rate</b>	6.20%	6.20%
<b>Medicare Tax Rate</b>	1.45%	1.45%

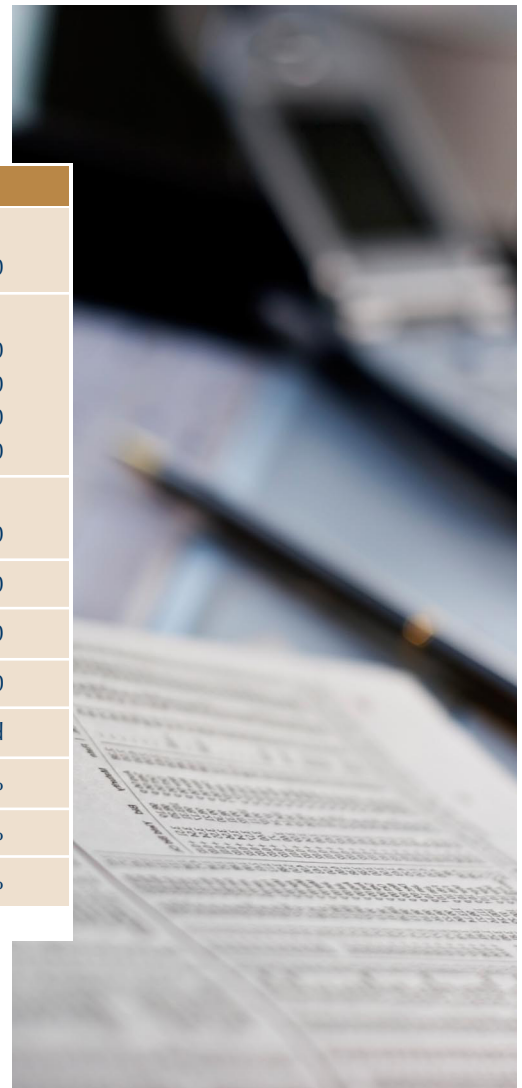
<sup>1</sup> Limit applies to plan year (or 12 consecutive-month period) beginning in indicated calendar year.

<sup>2</sup> Limit applies to limitation year ending in indicated calendar year.

<sup>3</sup> Limit applies to limitation year beginning in indicated calendar year.

<sup>4</sup> Limit applies to compensation during the plan year beginning in indicated calendar year to determine highly compensated for following plan year.

<sup>5</sup> Estimated — Not yet made official



*This Alert has been provided for information of clients and friends of McAfee & Taft A Professional Corporation. It does not provide legal advice and it is not intended to create a lawyer-client relationship. Readers should not act upon the information in this Alert without seeking professional counsel.*

**MCAFFEE & TAFT EMPLOYEE BENEFITS PRACTICE GROUP**

**Jennifer Callahan**  
jennifer.callahan@mcafeetaft.com  
(405) 552-2225

**J. Dudley Hyde**  
dudley.hyde@mcafeetaft.com  
(405) 552-2229

**Alison McCalla**  
alison.mccalla@mcafeetaft.com  
(405) 552-2332

**Brandon Meyer**  
brandon.meyer@mcafeetaft.com  
(405) 552-2235

**Richard Nix**  
richard.nix@mcafeetaft.com  
(405) 552-2219

**John Papahronis**  
john.papahronis@mcafeetaft.com  
(405) 552-2231

**Jim Prince**  
jim.prince@mcafeetaft.com  
(405) 552-2309

**Scott Sewell**  
scott.sewell@mcafeetaft.com  
(405) 552-2212

**Mark Spencer**  
mark.spencer@mcafeetaft.com  
(405) 552-2368

**Steven Welch**  
steven.welch@mcafeetaft.com  
(405) 552-2214

**Elizabeth Scott Wood**  
elizabeth.wood@mcafeetaft.com  
(405) 552-2270