

Client Advisory | *October 2009***IRS Announces Retirement Plan Limitations for 2010**

The Internal Revenue Service has announced the 2010 cost-of-living adjustments to the dollar limitations for qualified retirement plans and other benefits, and the Social Security Administration has announced its own cost-of-living adjustments for 2010. Most notably, the annual limits for qualified retirement plan contributions and benefits and the wage base for computing the Social Security tax (OASDI) remain unchanged for 2010.

Retirement Plan Limits

Lori A. Basilico, Partner

	2010	2009
Maximum Elective Deferral Limit applicable to 401(k), 403(b) and 457(b) plans	\$16,500	\$16,500
Maximum Catch-Up Contributions (age 50+)	\$5,500	\$5,500
Maximum Elective Deferrals for SIMPLE Plans	\$11,500	\$11,500
Maximum Catch-Up Contributions (age 50+) for SIMPLE Plans	\$2,500	\$2,500
Defined Contribution Plan Limit under Section 415(c)	\$49,000	\$49,000
Defined Benefit Plan Limit under Section 415(b)	\$195,000	\$195,000
Annual Compensation Limit under Section 401(a)(17)	\$245,000	\$245,000
Special Annual Compensation Limit for Governmental Plans in effect on July 1, 1993	\$360,000	\$360,000
Highly Compensated Employee Definition under Section 414(q)	\$110,000	\$110,000
Key Employees Officer Compensation under Section 416	\$160,000	\$160,000
Maximum ESOP Account Balance Subject to 5-Year Distribution Period	\$985,000	\$985,000
ESOP Dollar Amount Used to Determine the Lengthening of the 5-Year Distribution Period	\$195,000	\$195,000
Social Security Wage Base	\$106,800	\$106,800

Other Benefit-Related Limits

The IRS published 2010 limits for Archer medical savings accounts (MSA), qualified transportation fringe benefits and qualified adoption assistance programs.

	2010	2009
Archer MSA		
Self-Only Coverage		
Minimum Annual Deductible	\$2,000	\$2,000
Maximum Annual Deductible	\$3,000	\$3,000
Maximum Out-of-Pocket	\$4,050	\$4,000
Family Coverage		
Minimum Annual Deductible	\$4,050	\$4,000
Maximum Annual Deductible	\$6,050	\$6,000
Maximum Out-of-Pocket	\$7,400	\$7,350
Qualified Transportation Fringe Benefits		
Monthly Parking	\$230	\$230
Monthly Transit Passes	\$230	\$230
Qualified Adoption Assistance Benefits		
Maximum excludable from gross income	\$12,170	\$12,150
Exclusion phased out at adjusted gross income (starting at – ending at)	\$182,520-\$222,520	\$182,180-\$222,180

Health Savings Account and High Deductible Health Plan Limits

In May 2009, the IRS announced the inflation-adjusted amounts for health savings account and high-deductible health plans for 2010.

	2010	2009
Annual Contribution Limit		
Self-Only Coverage	\$3,050	\$3,000
Family Coverage	\$6,150	\$5,950
High-Deductible Health Plan - Minimum Annual Deductible		
Self-Only Coverage	\$1,200	\$1,150
Family Coverage	\$2,400	\$2,200
High-Deductible Health Plan - Maximum Out-of-Pocket Limit		
Self-Only Coverage	\$5,950	\$5,800
Family Coverage	\$11,900	\$11,600

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