

# L I E B G A N N O U N C E M E N T

## *IRS Announces 2010 Limitations For Retirement Plans*

The IRS has announced cost-of-living adjustments (COLAs) applicable to dollar limitations for retirement plans and other items for the 2010 tax year. A comparison of the old 2009 limits and the new 2010 limits are as follows:

	<u>2009</u>	<u>2010</u>
<b><u>Defined Benefit Plans</u></b>		
Maximum Annual Benefit <i>IRC 415(b)(1)(A)</i>	\$195,000	\$195,000
<b><u>Defined Contribution Plans</u></b>		
Annual Addition Limit <i>IRC 415(c)(1)(A)</i>	\$49,000	\$49,000
401(k)/403(b) Elective Deferral Limit <i>IRC 402(g)(1)</i>	\$16,500	\$16,500
Government/Tax Exempt Elective Deferral Limit <i>IRC 457(e)(15)</i>	\$16,500	\$16,500
“Catch-Up” Limits for 401(k)/403(b)/governmental 457 <i>IRC 414(v)(2)(B)(i)</i>	\$5,500	\$5,500
<b><u>All Plans</u></b>		
Annual Compensation Limit <i>IRC 401(a)(17)</i>	\$245,000	\$245,000
Highly Compensated Employee (HCE) Compensation <i>IRC 414(q)(1)(B)</i>	\$110,000	\$110,000
Key Employee Officer Compensation <i>IRC 416(i)(1)(A)(i)</i>	\$160,000	\$160,000
<b><u>Simplified Employee Pensions (SEPs)</u></b>		
Minimum Compensation <i>IRC 408(k)(2)(C)</i>	\$550	\$550
Maximum Compensation <i>IRC 408(k)(3)(C)</i>	\$245,000	\$245,000
SIMPLE Employee Contribution Limit <i>IRC 408(p)(2)(E)</i>	\$11,500	\$11,500
SIMPLE “Catch-Up” Deferral Limit <i>IRC 414(v)(2)(B)(ii)</i>	\$2,500	\$2,500

## *Social Security Administration Announces 2010 Cost-Of-Living-Adjustments*

The Social Security Administration and the Department of Health and Human Services have announced COLAs for 2010. Highlights of these COLAs are as follows:

	<u>2009</u>	<u>2010</u>
• Social Security Taxable Wage Base	\$106,800	\$106,800
• Maximum earnings in year prior to normal retirement without reduction in benefits	\$14,160	\$14,160
• Maximum earnings in years after normal retirement without reduction in benefits	\$37,680	\$37,680
• Cost of living adjustment	5.80%	0.00%