

Rosen Seymour Shapss Martin & Company LLP
Certified Public Accountants & Profitability Consultants

Employee Benefits and Executive Compensation Services Group

RSSM Alert

**Plan Limits for 2009
 Cost of Living Adjustments**

To Clients and Friends of the Firm:

Based on the Consumer Price Index, the Internal Revenue Service and the Social Security Administration have announced the cost-of-living adjusted figures for various types of retirement plan social security and other benefits for 2009. Below is a comparison of the various limits effective for 2009 and 2008:

Maximum:	<u>2009</u>	<u>2008</u>
Annual compensation that can be considered, including Simplified Employee Pension (SEP) plans	\$ 245,000	\$ 230,000
Annual benefit for participants of defined benefit plans, age 65 and older	\$ 195,000	\$ 185,000
Annual contributions to a defined contribution plan (not to exceed 100% of compensation)	\$ 49,000	\$ 46,000
Elective deferrals to a 401(k), 403(b) or 457 plan	\$ 16,500	\$ 15,500
"Catch-up" deferrals to a 401(k), 403(b), 457 or SEP plan for participants age 50 and above at the end of the plan year	\$ 5,500	\$ 5,000
Contribution to a SIMPLE plan	\$ 11,500	\$ 10,500
"Catch-up" deferrals to a SIMPLE plan	\$ 2,500	\$ 2,500
IRA (including ROTH IRA) contributions	\$ 5,000	\$ 5,000
"Catch-up" contributions to an IRA/Roth IRA	\$ 1,000	\$ 1,000
Wages subject to Social Security (OASDI) Tax	\$ 106,800	\$ 102,000
Social Security Monthly Benefit Paid at Full Retirement Age	\$ 2,323	\$ 2,100

Wages subject to Medicare (HI) Tax	no limit	no l
Monthly Qualified Transportation Fringe Benefits:		
Transit Passes	\$ 120	\$ 1
Vanpool expenses	\$ 120	\$ 1
Parking	\$ 230	\$ 2

In addition to the above, the following apply:

Minimum annual compensation required for employee to be included in a Simplified Employee Pension (SEP) Plan.	\$ 550	\$ 5
Highly Compensated Employee (HCE) threshold	\$ 110,000	\$ 105,0
The phaseout range for deductible IRA contributions for active participants in an employer sponsored plan begins at-		
Married Filing Jointly	\$ 89,000	\$ 85,0
Single or Head of Household	\$ 55,000	\$ 53,0
Married Filing Separately	0	
The phaseout range for deductible IRA contributions for taxpayers who are not active participants but are married to an active participant begins at		
	\$ 166,000	\$ 159,0
The phaseout range for allowable ROTH IRA contributions begins at-		
Married Filing Jointly	\$ 166,000	\$ 159,0
Single or Head of Household	\$ 105,000	\$ 101,0
Married Filing Separately	0	

Should you have any questions please feel free to contact me at 212-303-1806 or e-mail me at aneumark@rsmcpa.com.

Sincerely,
Rosen Seymour Shapss Martin & Company LLP

Avery E. Neumark, CPA, JD
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