



## Plan Limits for 2010 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 plans, social security and other benefits for 2010. In most cases, there has been no changes from 2009. All changes are highlighted in **bold**. Below is a comparison of the various limits effective for 2010 and 2009:

<b>Maximum:</b>	<b>2010</b>	<b>2009</b>
Annual compensation that can be considered, including Simplified Employee Pension (SEP) plans	\$ 245,000	\$ 245,000
Annual benefit for participants of defined benefit plans, age 65 and older	\$ 195,000	\$ 195,000
Annual contributions to a defined contribution plan (not to exceed 100% of compensation)	\$ 49,000	\$ 49,000
Elective deferrals to a 401(k), 403(b) or 457 plan	\$ 16,500	\$ 16,500
"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	\$ 5,500
Contribution to a SIMPLE plan	\$ 11,500	\$ 11,500
"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	\$ 106,800
Wages subject to Medicare (HI) Tax	no limit	no limit
Monthly Qualified Transportation Fringe Benefits:		
Transit Passes	\$ 230	\$120/\$230*
Vanpool expenses	\$ 230	\$120/\$230*



Parking	\$	230	\$	230
*increased March 2009 by the American Recovery and Reinvestment Act				

**In addition to the above, the following apply:**

<b>Minimum</b> annual compensation required for employee to be included in a Simplified Employee Pension (SEP) Plan.	\$	550	\$	550
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Highly Compensated Employee (HCE) threshold	\$	110,000	\$	110,000
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The phaseout range for deductible IRA contributions for active participants in an employer sponsored plan <b>begins</b> at-				
Married Filing Jointly or Qualified Widow(er)	\$	89,000	\$	89,000
Single or Head of Household	\$	<b>56,000</b>	\$	55,000
Married Filing Separately		0		0

The phaseout range for deductible IRA contributions for taxpayers who are not active participants but are married to an active participant <b>begins</b> at	\$	<b>167,000</b>	\$	166,000
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The phaseout range for allowable ROTH IRA contributions <b>begins</b> at-				
Married Filing Jointly or Qualified Widow(er)	\$	<b>167,000</b>	\$	166,000
Single or Head of Household	\$	105,000	\$	105,000
Married Filing Separately		0		0