



ERISA COMPLIANCE
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IRS Announces Retirement Plan Limitations for 2009

On Thursday, October 16, 2008, the Internal Revenue Service (IRS) announced the 2009 cost-of-living adjustments (COLA) to retirement plan limits.

The plan limitations changed for 2009 because the increase in the cost-of-living index met the statutory thresholds that trigger the adjustments.

Limits	2008	2009
401(k) and 403(b) Salary Deferral Limit	\$15,500	\$16,500
401(k), 403(b), and 457 Catch-up Contribution Limit	\$5,000	\$5,500
Maximum Benefit in Defined Benefit Plan	\$185,000	\$195,000
Maximum Defined Contribution Annual Addition Limit	\$46,000	\$49,000
Annual Compensation Limit for Retirement Plan Purposes	\$230,000	\$245,000
Highly Compensated Employee Determination - Compensation Level	\$105,000	\$110,000
Key Employee Determination - Compensation Level	\$150,000	\$160,000
SEP Coverage Threshold	\$500	\$550
457(b) Contribution Limit	\$15,500	\$16,500
SIMPLE Salary Deferral Limit	\$10,500	\$11,500
SIMPLE Catch-up Contribution Limit - Unchanged	\$2,500	\$2,500
Social Security Taxable Wage Base	\$102,000	\$106,800

As many employers and their advisors begin planning for 2009, we felt that it was important that our clients and colleagues were aware of these new higher limits as soon as possible.

If you have any questions regarding these limits, please contact us at (619) 696-7284.

[This Compliance Alert is not intended as legal advice or as an opinion on specific facts.](#)

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