

2007 Benefit Limits

The following benefit limits are provided by the Internal Revenue Service and Social Security Administration. The adjustments made from the previous year reflect price and wage inflation, and implement other increases dictated by law.

Retirement Plan Limits	
Annual Compensation Limit	\$225,000
Limits on Benefits and Contributions:	
Defined contribution plan, contribution limit	\$45,000
401(k) plans – elective deferrals	\$15,500
457 plans – elective deferrals	\$15,500
Catch-up contribution limit	\$5,000
Defined benefit plan, accrual limit	\$180,000
“Highly Compensated Employee” status applied to following year	\$100,000
“Key Employee” Officer status	\$145,000
SIMPLE plans:	
Elective deferral limit	\$10,500
Catch-up contribution limit	\$2,500
SEP – IRAs:	
Maximum contribution (limited to 25% of employee’s annual compensation)	\$45,000

Social Security Benefits	
Payroll taxes:	
FICA wage base	\$97,500
FICA tax rate	6.20%
Medicare tax rate	1.45%
Earnings Test Thresholds:	
Before normal retirement age	\$12,960
Year of normal retirement age	\$34,440
Maximum annual benefit	\$25,392
Full retirement age	Born in 1942 – 65 yrs, 10 months

Transportation Benefits (Per Month)	
Parking passes	\$215
Transit and vanpooling expenses (combined)	\$110

Mileage Rates (Per Mile)	
Business Travel	48.5 cents
Moving Expenses	20 cents
Medical Care Travel	20 cents

This document is intended to provide clients with general information regarding changes and developments in the employee benefits area. This document does not constitute legal advice, and the reader should consult legal counsel to determine how this information may apply to any specific situation.