

# EMPLOYEE BENEFITS ALERT

## 2009 BENEFIT LIMITS

Gleaves  
Swearingen  
Potter  
& Scott LLP



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*The Internal Revenue Service and Social Security Administration have announced their respective annual adjustments of various retirement plan benefit and employment tax limits. These adjustments are made to reflect price and wage inflation, or to implement other increases dictated by law. The limits for 2009, as compared to those in effect for the current year, are set forth below.*

RETIREMENT PLAN LIMITS		
	2008	2009
Annual Compensation Limit	\$230,000	\$245,000
Limits on Benefits and Contributions:		
Defined contribution plan, total contribution limit	\$46,000	\$49,000
401(k) & 403(b) plans, elective deferral limit	\$15,500	\$16,500
457 plans, total contribution limit	\$15,500	\$16,500
Catch-up contribution limit	\$5,000	\$5,500
Defined benefit plan, accrual limit	\$185,000	\$195,000
“Highly Compensated Employee” status applied to following year (e.g. if employee earns \$105,000 in 2008, the employee is an HCE for 2009)	\$105,000	\$110,000
“Key Employee” Officer status	\$150,000	\$160,000
SIMPLE plans:		
Elective deferral limit	\$10,500	\$11,500
Catch-up contribution limit	\$2,500	\$2,500

SOCIAL SECURITY LIMITS		
	2008	2009
Payroll Taxes:		
FICA wage base	\$102,000	\$106,800
FICA tax rate	6.20%	6.20%
Medicare tax rate	1.45%	1.45%
Earnings Test Thresholds:		
Before normal retirement age	\$13,560	\$14,160
Year of normal retirement age	\$36,120	\$37,680
Maximum annual benefit	\$26,220	\$27,876

\* \* \*

Should you have any questions regarding the 2009 limits, please feel free to contact Wally Miller or Steve Lane of the firm's Employee Benefits Practice Group via email, or by phone at (541) 686-8833.

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