

Qualified Plan News

COMPLIANCE
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CORPORATE MARKETS

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ING Qualified
Plan Consulting

Mike Smith, QPA, QKA

Carla Ennis, QPA, QKA, APA

Stacia Hastings, QKA

Robert Kaplan, CFP, CPC,
QPA, APA

Steve Goldberg, CLU

Sue Belanger

Helpful Web Links

Department of Labor
www.dol.gov

Taking the Mystery Out of
Retirement Planning
www.dol.gov/ebsa/publications/nearretirement.html

Internal Revenue Service
www.irs.gov

2009 COST OF LIVING ADJUSTMENTS

Plan Limits	2009	2008
A. Annual Deferral Limit		
401(k)/403(b)/457/SARSEP	\$16,500	\$15,500
SIMPLE Retirement Plans	\$11,500	\$10,500
B. Catch-Up Contributions		
Age 50+ 401(k)/ 403(b)*/457*	\$5,500	\$5,000
Age 50+ SIMPLE Plan	\$2,500 (unchanged)	\$2,500
C. 415 Annual Limits		
Defined Contribution Annual Contribution Limit	\$49,000	\$46,000
Defined Benefit Maximum Annual Benefit	\$195,000	\$185,000
D. Compensation Limit		
For determining contributions for non-governmental plans	\$245,000	\$230,000
For determining contributions for certain governmental plans	\$360,000	\$345,000
For SEP eligibility	\$550	\$500
E. Highly Compensated Employee Definition		
	\$110,000	\$105,000
F. Key Employee/Officer		
	\$160,000	\$150,000
G. Social Security Taxable Wage Base		
	\$106,800	\$102,000
H. AGI for Saver's Credit Eligibility		
	\$55,500 Joint; \$27,750 Single; \$41,625 Head of Household	\$53,000 Joint; \$26,500 Single; \$39,750 Head of Household

*A special additional catch-up limit applies for certain employees under 403(b) and 457 plans.



Explanation of Cost of Living Adjustments

A. Annual Deferral Limit:

401(k)/403(b)/457/SARSEP - The limit on elective deferrals a participant may make during the calendar year.
SIMPLE Retirement Plans – The limit on elective deferrals a participant may make during the calendar year.

B. Catch-Up Contributions:

At Age 50+ for 401(k), 403(b)* and 457* – If the plan permits, participants who have attained age 50 may make additional deferred contributions up to the annual catch-up limit

Age 50+ Simple Plan – If the plan permits, participants who have attained age 50 and are making eligible deferred contributions may make additional deferred contributions up to the annual catch-up limit.

* A special additional catch-up limit applies for certain employees under 403(b) and 457 plans.

C. 415 Annual Limits:

Defined Contribution Plans – The total of all employer and employee contributions to the plan for the 12 month limitation year (as defined in the plan document) cannot exceed the lesser of \$40,000 (as adjusted for inflation) or 100% of compensation.

Defined Benefit Plans – The maximum annual benefit a participant may receive is the lesser of \$160,000 (as adjusted for inflation) or 100% of the participant's average compensation for his highest three years of earnings.

D. Compensation Limit:

For determining contributions for non-governmental plans – This is the maximum compensation that may be considered when determining contributions for the plan year (as adjusted for inflation).

For determining contributions for certain governmental plans – This is the maximum compensation that may be considered when determining contributions for the plan year (as adjusted for inflation).

For SEP eligibility – This is the minimum compensation taken into account when determining which employees are eligible for a simplified employee pension (SEP) plan (as adjusted for inflation).

E. Highly Compensated Employee (HCE) Definition:

An HCE is any participant who is a 5% owner at any time during the current or preceding year and any participant whose compensation in the preceding year is greater than the annual compensation limit (as adjusted for inflation). The 2009 limit is used when 2009 is the look-back year.

F. Key Employee Officer Definition:

An officer of the company is a key employee if the officer has an annual compensation that is greater than \$130,000 (as adjusted for inflation).

G. Social Security Taxable Wage Base:

This is the amount of annual compensation to which payroll tax is applied.

H. AGI for Saver's Credit:

The highest adjusted gross income (AGI) an individual may have to be eligible for the Saver's Credit, based on filing status.

IRS Circular 230 Disclosure

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