

## Pension Plan Dollar Limits for 2009

The contributions and benefits under qualified retirement plans are subject to certain annual limits. The annual limits are subject to an annual cost-of-living increase based on the increase in the Consumer Price Index (CPI). For most limitations, the increase in the CPI over the past year has resulted in an increase in the dollar limit. The IRS has announced the cost-of-living adjustments to dollar limitations for retirement plans for 2009. Here is a comparison of the 2008 and the new limits effective January 1, 2009:

Limit	2008	2009
Compensation Limit	\$230,000	\$245,000
Defined Contribution §415 Limit	\$46,000	\$49,000
Defined Benefit §415 Limit	\$185,000	\$195,000
Key Employee Officer	\$150,000	\$160,000
Highly Compensated Employee	\$105,000	\$110,000
Governmental Plan Compensation Limit	\$345,000	\$360,000
ESOP §409(o) Limits	\$935,000 \$185,000	\$985,000 \$195,000

### Elective Deferral and Catch-up Limits for 2009

The elective deferral and catch-up contribution limits increase from 2008 to 2009.

Limit	2008	2009
401(k), 403(b), 457(b) Deferral Limit	\$15,500	\$16,500
401(k), 403(b), governmental 457(b) Catch-up Limit	\$ 5,000	\$ 5,500
Simple Plan Deferral Limit	\$10,500	\$11,500
Simple Plan Catch-up Limit	\$ 2,500	\$ 2,500

### IRA Limits

For 2009, the limit for contributions to a traditional or Roth IRA did not increase. The limit remains at \$5,000. The limit that applies to IRA catch-up contributions (contributions for individuals age 50 and over) remains at \$1,000.

### Social Security Increases

The Social Security Administration announced an increase in the taxable wage base (TWB) for 2009 from \$102,000 to \$106,800. Workers pay Social Security tax on wages up to the TWB. Also, some retirement plan formulas are integrated with Social Security. These plans often use the TWB when allocating contributions or calculating benefits.