



ACTUARIAL CONSULTANTS, INC.

# Legislative Update

October 15, 2009

## *Retirement Plan Limits for 2010 Announced*

On October 15, the Internal Revenue Service announced the cost-of-living adjustments that will be applied to the dollar limits in all tax-qualified retirement plans in 2010. The limits apply to calendar year plans, if you have an off-calendar plan year end, contact your plan administrator to see if there are any changes to your plan.

### **Defined Benefit Plan Limits**

The limitation on the annual benefit under a defined benefit plan remains unchanged at **\$195,000**.

### **Defined Contribution Plan**

#### *Individual Contributions*

The limitation on contributions made on behalf of an individual to a defined contribution plan remains unchanged at **\$49,000**. Individuals will still be limited to contributions of 100% of compensation or \$49,000, whichever is less.

#### *401(k) Deferrals*

This dollar limitation on employee deferrals into 401(k) plan remains unchanged at **\$16,500**. This is a calendar year limit regardless of plan year end.

#### *Catch-Up Contributions*

For individuals age 50 and over, the catch-up contribution remains unchanged at **\$5,500**. This is a calendar year limit regardless of plan year end.

### **Annual Compensation Limits**

The maximum annual compensation that may be recognized by a plan remains unchanged at **\$245,000**.

### **Key Employees**

The dollar limitation for determining whether an employee is "Key" for officers in a top-heavy plan will remain unchanged at **\$160,000**.

### **Highly Compensated Employees**

The dollar limitation on compensation used to determine which employees are considered highly compensated remains unchanged at **\$110,000**. Thus, employees who earn in excess of \$110,000 in the plan year beginning in 2009 will be considered highly compensated for the plan year beginning in 2010 and employees who earn in excess of \$110,000 in 2010 will be considered highly compensated employees in 2011.

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