

# Qualified Plan News

COMPLIANCE  
MADE EASY  
THROUGH ING'S  
EXPERT TEAM

CORPORATE MARKETS

No. 2009-10  
October 16, 2009

ING Qualified  
Plan Consulting

Mike Smith, OPA, QKA

Carla Ennis, OPA, QKA, APA

Stacia Hastings, QKA

Robert Kaplan, CFP, CPC,  
OPA, APA

Steve Goldberg, CLU

Sue Belanger

## Helpful Web Links

Department of Labor  
[www.dol.gov](http://www.dol.gov)

Taking the Mystery Out of  
Retirement Planning  
[www.dol.gov/ebsa/publications/nearretirement.html](http://www.dol.gov/ebsa/publications/nearretirement.html)

Internal Revenue Service  
[www.irs.gov](http://www.irs.gov)

## 2010 COST OF LIVING ADJUSTMENTS UNCHANGED

Plan Limits	2010	2009
<b>A. Annual Deferral Limit</b>		
401(k)/403(b)/457/SARSEP	\$16,500	\$16,500
SIMPLE Retirement Plans	\$11,500	\$11,500
<b>B. Catch-Up Contributions</b>		
Age 50+ 401(k)/ 403(b)*/457*	\$5,500	\$5,500
Age 50+ SIMPLE Plan	\$2,500	\$2,500
<b>C. 415 Annual Limits</b>		
Defined Contribution Annual Contribution Limit	\$49,000	\$49,000
Defined Benefit Maximum Annual Benefit	\$195,000	\$195,000
<b>D. Compensation Limit</b>		
For determining contributions for non-governmental plans	\$245,000	\$245,000
For determining contributions for certain governmental plans	\$360,000	\$360,000
For SEP eligibility	\$550	\$550
<b>E. Highly Compensated Employee Definition</b>		
	\$110,000	\$110,000
<b>F. Key Employee/Officer</b>		
	\$160,000	\$160,000
<b>G. Social Security Taxable Wage Base</b>		
	\$106,800	\$106,800
<b>H. AGI for Saver's Credit Eligibility</b>		
	\$55,500 Joint; \$27,750 Single; \$41,625 Head of Household	\$55,500 Joint; \$27,750 Single; \$41,625 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 (including Roth 401(k) contributions) 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\*** – Participants who have attained age 50 may make additional deferred contributions (including Roth 401(k) contributions) up to the annual catch-up limit, if the plan permits.

**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 2010 limit is used when 2010 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

Any tax discussion contained in this communication was not intended or written to be used, and cannot be used by the recipient or any other person, for the purpose of avoiding any Internal Revenue Code penalties that may be imposed on such person. Any tax discussion contained in this communication was written to support the promotion or marketing of the transactions or matter discussed herein. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Neither ING or its affiliated companies or representatives offer legal or tax advice. Please seek the advice of a tax attorney or tax advisor prior to making a tax-related insurance/investment decision.