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IRS Makes Few Changes to Pension Plan COLAs in 2010

IRS has announced that many of the dollar limits for retirement plans will have no cost-of-living adjustment (“COLA”) in 2010. These limits will not change because the cost-of-living for the quarter ended September 30, 2009 actually went down over the preceding twelve months. A few dollar limits that are not tied to the cost-of-living will increase slightly in 2010. IRS Release 2009-94.

The following plan limits remain unchanged effective January 1, 2010:

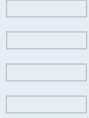
Code Section	2010	2009
401(a)(17) / 404(l) Annual Compensation	\$245,000	\$245,000
401(g)(1) Elective Deferrals	16,500	16,500
408(k)(2)(C) SEP Minimum Compensation	550	550
408(k)(3)(C) SEP Maximum Compensation	245,000	245,000
408(p)(2)(E) SIMPLE Maximum Contributions	11,500	11,500
409(o)(1)(C)	985,000	985,000
ESOP Limits	195,000	195,000
414(q)(1)(B) HCE Threshold	110,000	110,000
414(v)(2)(B)(i) Catch-up Contributions	5,500	5,500
414(v)(2)(B)(ii) Catch-up Contributions	2,500	2,500
415(b)(1)(A) Defined Benefit Limits	195,000	195,000
415(c)(1)(A) Defined Contribution Limits	49,000	49,000
416(i)(1)(A)(i) Key Employer	160,000	160,000
457(e)(15) Deferral Limits	16,500	16,500
1.61-21(f)(5)(i) Control Employer	95,000	95,000
1.61-21(f)(5)(iii) Control Employer	195,000	195,000
Taxable Wage Base	106,800	106,800

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IRA Contribution Income Limits. The applicable dollar amount for determining the deductible amount of an IRA contribution for taxpayers who participate in a qualified plan (other than those filing a joint return) will increase in 2010 from \$55,000 to \$56,000. The applicable dollar amount for joint filers will remain unchanged at \$89,000. The applicable dollar amount for a taxpayer who is not an active plan participant but whose spouse is an active participant will increase from \$166,000 to \$167,000.

Roth IRA Income Limits. The adjusted gross income limitation for determining the maximum Roth IRA contribution for married taxpayers filing a joint return and for taxpayers filing as a qualifying widow or widower will increase from \$166,000 to \$167,000. The adjusted gross income limitation for all other taxpayers will remain unchanged at \$105,000.

Saver's Credit Adjustments. The thresholds for adjusting the amount of the savers credit available to certain low-income individuals will adjust upward for certain persons depending on their filing status. ■

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