



COMPLIANCE ALERT

IRS ANNOUNCES COST OF LIVING CHANGES FOR 2009

The Internal Revenue Service has announced cost-of-living adjustments applicable to dollar limitations for pension plans for tax year 2009.

Many of the pension plan limitations will change for 2009 because the increase in the cost-of-living index met the statutory thresholds that trigger their adjustment. However, for others, the limitation will remain unchanged.

Changes to contribution and benefit limitations that are effective January 1st, 2009 are:

1. The contribution limitation for elective deferrals to 401(k) plans, 403(b) tax deferred annuities and 457(b) deferred compensation plans is increased from \$15,500 to \$16,500;
2. The dollar limitation for catch-up contributions for individuals aged 50 or over is increased from \$5,000 to \$5,500;
3. The annual contribution limitation for defined contribution plans is increased from \$46,000 to \$49,000;
4. The limitation on the annual benefit under a defined benefit plan is increased from \$185,000 to \$195,000;
5. The compensation threshold in the definition of highly compensated employee is increased from \$105,000 to \$110,000;
6. The maximum compensation which can be used for determining contributions or benefits is increased from \$230,000 to \$245,000; and
7. The taxable wage base is increased from \$102,000 to \$106,800.

To learn more about the cost of living changes that will be applicable to your plan in 2009, please contact us at (207) 879-9200 or toll free at (877) 473-2371.

Centervale Farm

200 US Route One, Suite 120
Scarborough, Maine 04074

VOICE 207-879-9200

FAX 207-879-9209

adsbenefits.com

where every detail counts