



# COMPLIANCE ALERT

## IRS ANNOUNCES COST-OF-LIVING LIMITS FOR 2010

The Internal Revenue Service has announced cost-of-living adjustments applicable to dollar limitations for pension plans for tax year 2010.

Many of the pension plan limitations will remain unchanged for 2010 because the cost-of-living index adjustments did not meet the statutory thresholds that trigger increases.

The contribution and benefit limitations that are effective January 1st, 2010 are:

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

To learn more about the cost of living changes that will be applicable to your plan in 2010, please contact us at (207) 879-9200 or toll free at (877) 473-2371.

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