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The IRS has published 2009 annual dollar limits for retirement plans. Most limits have increased from 2008 levels.

## IRS Announces Retirement Plan COLA Adjustments for 2009

By J. René Toadvine

On October 16, 2008, the Internal Revenue Service issued IR 2008-118, announcing the cost-of-living adjustments applicable to retirement plan limits for 2009. Most of the limits increase for 2009, as the increase in the cost-of-living index met the statutory threshold that triggers the adjustment. A summary of the current 2008 limits and the new 2009 limits follows:

### Retirement Plan Limits

	2008	2009
Maximum Elective Deferral Limit Under 402(g) (applicable to 401(k), 403(b) and 457(b) Plans)	\$15,500	\$16,500
SIMPLE Plan Salary Deferral Limit (408(p))	\$10,500	\$11,500
Maximum Catch-Up Contribution Limit Under 414(v) (Plans other than SIMPLE Plans)	\$5,000	\$5,500
Maximum Catch-Up Contribution Limit Under 401(k)(11) and 408(p)	\$2,500	\$2,500
Defined Benefit Plan - 415 Annual Benefit Limit	\$185,000	\$195,000
Defined Benefit Plan Compensation Multiplier— for participants who separated from service prior to January 1, 2009	1.0236	1.0530
Defined Contribution Plan - 415 Annual Addition Limit	\$46,000	\$49,000
Annual Compensation Limit Under 401(a)(17), 404(l) and 408(k)	\$230,000	\$245,000
Special Annual Compensation Limit for Governmental Plans in effect on July 1, 1993	\$345,000	\$360,000
Highly Compensated Employee Definition (414(q))	\$105,000	\$110,000

	<b>2008</b>	<b>2009</b>
Key Employees (416 Top Heavy Compensation for Officers)	\$150,000	\$160,000
Maximum ESOP Account Balance Subject to Five-Year Distribution Period	\$935,000	\$985,000
ESOP Dollar Amount used to determine the lengthening of the Five-Year Distribution Period	\$185,000	\$195,000

**Social Security Wage Base**

The Social Security Administration also announced on October 16, 2008 a \$4,800 increase in the wage base for computing the Social Security tax (OASDI) for 2009 (<http://www.ssa.gov/pressoffice/pr/2009cola-pr.htm>). The increase of \$4,800 raises the Social Security tax wage base from \$102,000 in 2008 to \$106,800 in 2009.

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