



## One Minute Memo®

# IRS Announces 2010 Retirement Plan and Inflation-Adjusted Benefits

The Internal Revenue Service has announced cost-of-living adjustments applicable to dollar limitations for retirement plans and inflation-adjusted limits for other benefits for 2010. Almost all of the limitations have remained the same as the 2009 limits.

	2009 Limits	2010 Limits
<b>401(k)/403(b) Contributions</b>	\$16,500	\$16,500
<b>457(b) Limit</b>	\$16,500	\$16,500
<b>Catch-up Contributions</b>	\$5,500	\$5,500
<b>Compensation Limit**</b>	\$245,000	\$245,000
<b>Highly Compensated Employees**</b>	\$110,000	\$110,000
<b>Key Employee Officer Compensation**</b>	\$160,000	\$160,000
<b>Maximum Annual Benefit</b> Defined Benefit Plan**	\$195,000	\$195,000
<b>Maximum Annual Contribution</b> Defined Contribution Plan**	\$49,000	\$49,000
<b>ESOP Limits</b> Dollar limit for determining lengthening of 5-year period*	\$195,000	\$195,000
Dollar amount for determining max. amount subject to 5-year distribution*	\$985,000	\$985,000
<b>Maximum SIMPLE contribution</b>	\$11,500	\$11,500
<b>FICA Wage Base ***</b>	\$106,800	\$106,800
<b>Qualified Transportation Fringe Benefits—Code § 132</b> Monthly limit for transportation in a commuter highway vehicle or transit pass	\$120 (increased to \$230 by the stimulus bill)	\$230
Monthly limit for qualified parking	\$230	\$230
Monthly limit for bicycle commuters	\$20	Not yet released
<b>Adoption Assistance Programs</b> Maximum excludable from employee gross income	\$12,150	\$12,170
Exclusion phased out with modified gross income (starting at—ending at)	\$182,150—222,180	\$182,520—222,520

	2009 Limits	2010 Limits
<b>Health Savings Accounts</b>		
High deductible health plan (HDHP)—minimum annual deductible		
Individual coverage	\$1,150	\$1,200
Family coverage	\$2,300	\$2,400
HDHP - maximum out-of-pocket limit		
Individual coverage	\$5,800	\$5,950
Family coverage	\$11,600	\$11,900
HSA monthly contribution—1/12 lesser of annual deductible or statutory limit		
Self-only coverage limit	\$3,000	\$3,050
Family coverage limit	\$5,950	\$6,150
Catch-up contributions (age 55 or older)	\$1,000	\$1,000
<b>Medical Savings Accounts (Archer)</b>		
Health Plan limits—annual deductible (not less than/not more than)		
Individual coverage	\$2,000/3,000	\$2,000/3,000
Family coverage	\$4,000/6,050	\$4,050/6,050
Health Plan Limits—out-of-pocket maximum		
Individual coverage	\$4,000	\$4,050
Family coverage	\$7,350	\$7,400
Maximum contribution limits		
Individual coverage (65% of deductible)	\$1,300/1,950	\$1,300/1,950
Family coverage (75% of deductible)	\$3,000/4,537.50	\$3,037.50/4,537.50
<b>Personal Income Tax Exemption</b> (income limit on qualifying relative dependent under Code § 152)	\$3,650	\$3,650
<b>219(g)(3)(B)(i) Income Limit for Traditional IRA Deductible Contributions</b>		
Taxpayers filing joint return	\$89,000	\$89,000
For spouse if spouse is not an active participant	\$166,000	\$167,000
Married taxpayer filing separately	\$0	\$0
All other taxpayers	\$55,000	\$56,000
<b>408A (c)(3)(C) Income Limit for Roth IRA Contributions</b>		
Taxpayers filing joint return	\$166,000	\$167,000
Married taxpayers filing separately	\$0	\$0
All other taxpayers	\$105,000	\$105,000
<b>25B(b) Income Limit for Retirement Savings Contribution Credit</b>		
<b>Joint Return:</b>		
Applicable Percentage 50%	\$0–33,000	\$0–33,500
Applicable Percentage 20%	\$33,000–36,000	\$33,500–36,000
Applicable Percentage 10%	\$36,000–55,500	\$36,000–55,500
Applicable Percentage 0%	\$55,500 and above	\$55,500 and above

	2009 Limits	2010 Limits
<b>Head of Household:</b>		
Applicable Percentage 50%	\$0–24,750	\$0–25,125
Applicable Percentage 20%	\$24,750–27,000	\$25,125–27,000
Applicable Percentage 10%	\$27,000–41,625	\$27,000–41,625
Applicable Percentage 0%	\$41,625 and above	\$41,625 and above
<b>All other Cases:</b>		
Applicable Percentage 50%	\$0–16,500	\$0–16,750
Applicable Percentage 20%	\$16,500–18,000	\$16,750–18,000
Applicable Percentage 10%	\$18,000–27,750	\$18,000–27,750
Applicable Percentage 0%	\$27,750 and above	\$27,750 and above

\*Calendar year limitation

\*\*For plan years beginning in the calendar year.

\*\*\*Calendar year limitation for FICA withholding purposes and for plan years beginning in the calendar year for retirement plan purposes.

If you have any questions or wish to discuss the application of these limits to your plan, please contact the Seyfarth Shaw attorney with whom you regularly work , or any Employee Benefits & Executive Compensation attorney on our website ([www.seyfarth.com/EmployeeBenefits](http://www.seyfarth.com/EmployeeBenefits)).



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