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Dear Valued Client:

The Internal Revenue Service has issued the **2009 limitations** for qualified retirement plans. We have summarized the most significant limitations as follows:

Annual Limitations

401(k) and 403(b) limit (if applicable to your Plan) for 2009: **\$ 16,500**

401(k) and 403(b) **Catch-Up** Contributions for individuals age 50 and over (for 2009): **\$ 5,500**

Percent of salary limitation (subject to Annual Contribution limit listed above): **100%**

**Maximum Defined Contribution Plan Limit** (for 2009): **\$ 49,000**

**Annual Compensation Limit** (for 2009): **\$245,000**

*Defined Benefit Plan Annual Benefit* (for 2009): **\$195,000**

Definition of Highly Compensated Employees for 2009:

5% Owner or any lineal ascendant or descendent of a 5% Owner (no compensated limit allowed)

Any Employee **\$110,000**

**These new limits take effect in the plan-year that begins in 2009.**

Employers who are interested in providing Profit Sharing contributions to their employees could possibly benefit from a higher overall individual contribution limit of \$49,000 starting in 2009 (appropriate contributions would be required for eligible employees). Please contact us for further details.

Remember that individuals with IRA assets outside of an Employer's 401(k) Plan can transfer those assets to their 401(k) account.

**The Social Security Administration has announced the 2009 Taxable Wage Base to be \$106,800.**

If you have any questions regarding the above limitations, please contact your Account Executive.

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