



October 2009



Employee Benefits

Alert

Benefit Limits and Contributions for 2010 Remain Largely Unchanged

Each year the Internal Revenue Service adjusts the dollar limitations for benefits and contributions that apply to retirement plans. The Social Security Administration also adjusts the Social Security earnings limit annually. Most of the limitations remain unchanged for 2010 because the cost-of-living index for the quarter ending September 30, 2009, is less than the cost of living index for the quarter ending September 30, 2008. The IRS did adjust the health savings account limits for 2010. The following chart shows the current 2009 limits and the same limits for 2010.

Benefit Limits Under the Internal Revenue Code and Social Security

Description	2009 limit	2010 limit
Compensation Cap	\$245,000	\$245,000
Elective Deferral Limitation under 402(g)(1) for elective deferrals for 401(k) plans, SEPs and 403(b) plans	\$16,500	\$16,500
Catch Up Contributions for Individuals Age 50 and Older For SIMPLE IRAs or SIMPLE 401(k) plans	\$5,500 \$2,500	\$5,500 \$2,500
Defined Benefit Maximum	\$195,000	\$195,000
Defined Contribution Maximum	\$49,000	\$49,000
Highly Compensated Employees Compensation Limit	\$110,000	\$110,000
Key Employee in Top-Heavy Plans Compensation Limit	\$160,000	\$160,000
ESOP Threshold for determining maximum account balance subject to 5-year distribution period		
Regular Limit	\$195,000	\$195,000
Lump Sum Distributions (Income Averaging)	\$985,000	\$985,000
SEP Compensation Threshold for Participation	\$550	\$550
SIMPLE IRA Maximum Pre-Tax Contribution	\$11,500	\$11,500
Deferral Limit for Governments and Tax-Exempts (457(b))	\$16,500	\$16,500
Social Security Taxable Wage Base	\$106,800	\$106,800
Health Savings Account Maximum Contributions		
Family Coverage	\$5,950	\$6,150
Single Coverage	\$3,000	\$3,050

Williams Mullen
Employee Benefits Group

Catherine M. Marriott
Group Chair
804.783.6901
kmarriott@williamsmullen.com

Brydon M. DeWitt
804.783.6917
bdewitt@williamsmullen.com

Elinor P. Hindsley
804.783.6469
ehindsley@williamsmullen.com

Steven B. Long
919.981.4085
slong@williamsmullen.com

Nona K. Massengill
804.783.6569
nmassengill@williamsmullen.com

Craig L. Rascoe
804.783.6472
crascoe@williamsmullen.com

Maria S. Stefanis
757.629.0664
mstefanis@williamsmullen.com

Mark S. Thomas
919.981.4025
mthomas@williamsmullen.com

Ingrid A. Watson
757.473.5312
iwatson@williamsmullen.com

Williams Mullen Employee Benefits Alert is provided as an educational service and is not meant to be and should not be construed as legal advice. Readers with particular needs on specific issues should retain the services of competent counsel.