

To: Clients and Advisors

From: Michael E. Callahan, FSPA, EA, CPC, MAAA

Re: New Limits for Qualified Plans for 2008!

The IRS has published the new limits for qualified plans for the 2008 plan year!

In a 401(k) plan for the plan year 2008, a participant can contribute the following:

Under Age 50:	\$15,500.00
Over Age 50:	\$20,500.00

We have listed the new 2008 limits on the back of this page along with a comparison to 2005 to 2006 and 2007.

In addition, the new maximum defined benefit would increase the tax deductible contributions to a small defined benefit plan. We have revised the chart to reflect these increases.

For the 2008 Calendar Year, the estimated deductible contributions to a defined benefit plan are as follows:

Contributions (funded over RA-EA using 2001-62 mort & 5.5% interest):

Entry Age	Retirement Age	<i>Highest 3-Year Average Compensation</i>			
		\$50,000	\$100,000	\$150,000	\$225,000+
35	55	\$18,798	\$40,834	\$45,520	\$45,520
40	55	\$29,250	\$58,499	\$65,212	\$65,212
45	55	\$50,907	\$101,814	\$113,498	\$113,498
50	62	\$35,063	\$70,126	\$105,189	\$129,733
55	62	\$69,498	\$138,995	\$179,999	\$179,999
60	65	\$96,070	\$177,729	\$177,729	\$177,729
65	70	\$84,038	\$168,077	\$232,285	\$232,285

Qualified Plan Limits

	2008	2007	2006	2005
<u>Qualified Plan Limits:</u>				
401(k), 403(b) and SARSEP Maximum Deferral [402(g)]	\$ 15,500	\$ 15,500	\$ 15,000	\$ 14,000
457 Maximum Deferral	\$ 15,500	\$ 15,500	\$ 15,000	\$ 14,000
Catch-Up for 401(k), 403(b) SARSEP and 457	\$ 5,000	\$ 5,000	\$ 5,000	\$ 4,000
SIMPLE Election Maximum Deferral	\$ 10,500	\$ 10,500	\$ 10,000	\$ 10,000
Catch-Up for SIMPLER	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,000
Defined Benefit Annual Limit	\$ 185,000	\$ 180,000	\$ 175,000	\$ 170,000
Defined Contribution Annual Addition	\$ 46,000	\$ 45,000	\$ 44,000	\$ 42,000
<u>Compensation Limits:</u>				
Maximum Compensation	\$ 230,000	\$ 225,000	\$ 220,000	\$ 210,000
SEP Annual Compensation Floor	\$ 500	\$ 500	\$ 450	\$ 450
<u>Highly Compensated Employees:</u>				
Any Employee Compensation	\$ 105,000	\$ 100,000	\$ 100,000	\$ 95,000
<u>Key Employees:</u>				
Officer Compensation	\$ 150,000	\$ 145,000	\$ 140,000	\$ 135,000
1% Owner	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
<u>ESOP Distribution:</u>				
Threshold Account Balance	\$ 935,000	\$ 915,000	\$ 885,000	\$ 850,000
One Year Extension Threshold	\$ 185,000	\$ 180,000	\$ 175,000	\$ 170,000
<u>Social Security:</u>				
Taxable Wage Base	\$ 102,000	\$ 97,500	\$ 94,200	\$ 90,000
Maximum Monthly Benefit at Social Security Normal Retirement Age	\$ 2,185	\$ 2,116	\$ 2,053	\$ 1,939
<u>PBGC:</u>				
PBGC Maximum Monthly Benefit	\$ 4,312.50	\$ 4,125.00	\$ 3,971.59	\$ 3,801.14