

IRS 2010 Limits and Thresholds for Qualified Retirement Plans

Below is a summary of the limits for 2010:

401(k) Plan Limits (per person not plan)	2009	2010	Code Section
Elective Deferrals	\$16,500	\$16,500	402(g)(1)
Catch-Up Contributions	\$5,500	\$5,500	414(v)(2)(B)
Annual Additions	\$49,000	\$49,000	415(c)(1)(A)
Annual Compensation Limit	\$245,000	\$245,000	401(a)(17)
Highly Compensated Employee	\$110,000	\$110,000	414(q)(1)(B)
Key Employee	\$160,000	\$160,000	416(i)(1)(A)(i)
Social Security Taxable Wage Base	\$106,800	\$106,800	

Elective Deferrals: For the calendar year 2010 the IRS has not changed the amount participants may elect to defer into a 401(k), 403(b) or 457 retirement plan. It will remain **\$16,500**. If your plan restricts contributions to a low percentage of compensation the dollar limit may be less. Also, depending on your plan's ability to pass the ADP test, HCEs may have a reduced deferral limit. Employees deferring to more than one plan during 2010 are responsible for not exceeding this limit on contributions made to all plans. This higher limit does not start until January 1, 2010.

Catch-up Contributions: Catch-up contributions allowed for participants age 50 and over by the end of 2010 will remain **\$5,500**. This is in addition to the elective deferral limit above. Catch-up contributions are excluded from testing.

Annual Additions Limit: The limit for all contribution, (e.g. deferral + match + profit sharing + money purchase), made into a participant's account(s) will remain unchanged at **\$49,000** for 2010. Rollover and Catch-up Contributions are not included in this limit.

Annual Limits on Compensation: Only compensation up to **\$245,000** will be considered for contribution calculation and testing purposes in 2010.

HCE Determination: The threshold compensation used in determining who is a "highly compensated employee" will remain unchanged at **\$110,000**. The determination of who is an HCE is important as some annual testing requires a comparison between HCE and NHCE (non-highly compensated employees). This will be the dollar limit for determining HCE for the 2010 Plan Years as HCE is based on look-back year. If Kibble & Prentice completes your testing we will determine who a HCE is using the data you provide.

Key Employee Determination: The threshold for determining who is a "key employee" in a top-heavy plan will remain unchanged at **\$160,000**. Again, if Kibble & Prentice completes your testing we will determine who is a Key Employee using the data you provide.

Social Security Taxable Wage Base: In addition to the IRS announcement, the Social Security Administration has announced that the Social Security taxable wage base (i.e., the taxable maximum) will remain unchanged at **\$106,800** in 2010.

Kibble & Prentice; 601 Union Street, Suite 1000, Seattle, WA 98101.

The information contained in this e-mail message may be privileged and is confidential information intended only for the use of the recipient, or any employee or agent responsible to deliver it to the intended recipient. Any use, distribution, transmittal or re-transmittal by persons who are not intended recipients of this e-mail may be a violation of law and is strictly prohibited. If you have received this communication in error, please notify the sender immediately and destroy the original message and all attachments from your electronic files. Kibble & Prentice operates in the State of California under the name of Kibble & Prentice Holding Company dba/aka Kibble & Prentice Insurance Agency (122705-1).