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Retirement Planning Key Numbers



An increasing number of retirement plan and IRA limits are indexed for inflation each year. For 2009, many of the limits eligible for a cost-of-living adjustment (COLA) did in fact adjust upward. Some of the key numbers for 2009 are listed below, with the corresponding limit for 2008. (The sources for these 2009 adjustments are Information Release IR-2008-118, and Revenue Procedure 2008-66 from the IRS.)

	2008	2009
Elective deferral limits		
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs ¹ (includes Roth 401(k) and Roth 403(b) contributions)	Lesser of \$15,500 or 100% of participant's compensation	Lesser of \$16,500 or 100% of participant's compensation
SIMPLE 401(k) plans and SIMPLE IRA plans ¹	Lesser of \$10,500 or 100% of participant's compensation	Lesser of \$11,500 or 100% of participant's compensation
IRA contribution limits		
Traditional IRAs	Lesser of \$5,000 or 100% of earned income	Lesser of \$5,000 or 100% of earned income
Roth IRAs	Lesser of \$5,000 or 100% of earned income	Lesser of \$5,000 or 100% of earned income
Additional "catch-up" limits (individuals age 50 or older)		
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs ²	\$5,000	\$5,500
SIMPLE 401(k) plans and SIMPLE IRA plans	\$2,500	\$2,500
IRAs (traditional and Roth)	\$1,000	\$1,000
Defined benefit plan annual benefit limits		
Annual benefit limit per participant	Lesser of \$185,000 or 100% of average compensation for highest three consecutive years	Lesser of \$195,000 or 100% of average compensation for highest three consecutive years
Defined contribution plan limits (qualified plans, 403(b) plans, and SEP plans)		
Annual addition limit per participant (employer contributions; employee pretax, after-tax, and Roth contributions; and forfeitures)	Lesser of \$46,000 or 100% (25% for SEP) of participant's compensation	Lesser of \$49,000 or 100% (25% for SEP) of participant's compensation

¹Must aggregate employee deferrals to all 401(k), 403(b), SAR-SEP, and SIMPLE plans of all employers; 457(b) contributions are not aggregated. For SAR-SEPs, the percentage limit is 25% of compensation reduced by elective deferrals (effectively, a 20% maximum contribution).

²Special catch-up limits may also apply to 403(b) and 457(b) plan participants.

	2008	2009
Retirement plan compensation limits		
Maximum compensation per participant that can be used to calculate tax-deductible employer contribution (qualified plans and SEPs)	\$230,000	\$245,000
Compensation threshold used to determine a highly compensated employee	\$105,000 (when 2008 is the look-back year)	\$110,000 (when 2009 is the look-back year)
Compensation threshold used to determine a key employee in a top-heavy plan	\$1 for more-than-5% owners \$150,000 for officers \$150,000 for more-than-1% owners	\$1 for more-than-5% owners \$160,000 for officers \$150,000 for more-than-1% owners
Compensation threshold used to determine a qualifying employee under a SIMPLE plan	\$5,000	\$5,000
Compensation threshold used to determine a qualifying employee under a SEP plan	\$500	\$550
Income phaseout range for determining deductibility of traditional IRA contributions for taxpayers:		
1. Covered by an employer-sponsored plan and filing as:		
Single/Head of household	\$53,000 - \$63,000	\$55,000 - \$65,000
Married filing jointly	\$85,000 - \$105,000	\$89,000 - \$109,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000
2. Not covered by an employer-sponsored retirement plan, but filing joint return with a spouse who is covered by a plan	\$159,000 - \$169,000	\$166,000 - \$176,000
Income phaseout range for determining ability to fund a Roth IRA for taxpayers filing as:		
Single/Head of household	\$101,000 - \$116,000	\$105,000 - \$120,000
Married filing jointly	\$159,000 - \$169,000	\$166,000 - \$176,000
Married filing separately	\$0 - \$10,000	\$0 - \$10,000
Annual income limit for determining ability to convert traditional IRA to Roth IRA	\$100,000	\$100,000

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