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[Employee Benefits / Executive Compensation Law Update](#)

October 19, 2009

No 2010 Cost-of-Living Adjustments for Pension Plan and Other Limits

1. No 2010 COLA for Pension Plan Limits. On October 15, 2009 the IRS announced in [IR-2009-94](#) that because the cost of living for the quarter ending Sept. 30, 2009 was lower than the cost of living in the previous year, the various pension plan limits for 2010 will remain unchanged at the 2009 amounts. For example, the following limits are unchanged:

<u>Internal Revenue Code Pension Plan Limits</u>	<u>2010 (& 2009) Amounts</u>
Annual benefits limit for defined benefit plans – Code § 415 (b)	\$195,000
Annual additions limit for defined contribution plans - Code § 415(c)	\$49,000
Elective deferral max for 401(k), 403(b) plans – Code § 402(g)	\$16,500
Elective deferral limit for SIMPLE plans – Code § 408(p)	\$11,500
Age 50 catch-up contributions – Code § 414(v)	\$5,500
Highly-compensated employee threshold – Code § 414(q)	\$110,000
Annual compensation limit – Code § 401(a)(17)	\$245,000

Key-employee threshold for top heavy plan - § 416(i)	\$160,000
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2. Limit for Transit Passes and Van Pooling. [Rev. Proc. 2009-50](#), released on October 15, 2009, provides that there is no cost-of-living adjustment for the 2010 qualified transportation limits under Code § 132(f), which remain \$230 for qualified parking benefits and \$120 for transit passes and van pooling, except that, as noted in the Revenue Procedure, under the American Recovery & Reinvestment Act of 2009, from March 1, 2009 until December 31, 2010, the monthly limitation for transit passes and van pooling is the same as for qualified parking benefits, i.e., \$230.

3. Social Security Taxable Wage Base Unchanged. The Social Security Administration announced in a [fact sheet](#) and [notice](#), also issued October 15, 2009, that there will be no automatic cost-of-living adjustment for Social Security benefits in 2010. Similarly, the social security taxable wage base (subject to the 6.2% social security tax) is unchanged at \$106,800. Also, the annual earnings test remains \$14,160 prior to normal retirement and \$37,680 at normal retirement age.

If you have any questions regarding the above or any other matter, please contact me at the number listed above.

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