

Maximum Benefit and Contribution Limits for 2010
As published by the IRS

The Internal Revenue Service has announced the 2010 limits on benefits and compensation for various qualified plans. In the table below, you will notice a summary comparing the 2009 and 2010 limits. The table represents the major employee benefit provisions affected by the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA).

CONTRIBUTION AND BENEFIT LIMITS

| | <u>2009</u> | <u>2010</u> |
|--------------------------------------|-------------|-------------|
| Maximum 401(k) Salary Deferral | \$ 16,500 | \$ 16,500 |
| Catch-up Limits for 401(k) (age 50+) | \$ 5,500 | \$ 5,500 |
| Defined Contribution Limit | \$ 49,000 | \$ 49,000 |

COMPENSATION AND DEDUCTION LIMITS

| | <u>2009</u> | <u>2010</u> |
|---|-------------|-------------|
| Highly Compensated Definition | | |
| Compensation in excess of: | \$ 110,000 | \$ 110,000 |
| or greater than 5% owner | | |
| Compensation Limit | \$ 245,000 | \$ 245,000 |
| Key Employee - Officer | \$ 160,000 | \$ 160,000 |
| Social Security Taxable Wage Base | \$ 106,800 | \$ 106,800 |
| Corporate Deduction Limit <i>(% of aggregate participant compensation)</i> | 25% | 25% |

Please make your employees aware of these changes, and please call us with any questions you may have.

The Department of Labor has determined that deposits of employee deferrals should be made within 7 business days of withholding. We recommend that you deposit deferrals within 3-5 business days in order to avoid late deposits. Please review your payroll process to be sure that contributions are deposited in a timely manner.