

2009/2008 Retirement Plan Contribution and AGI Limits



CONTRIBUTION LIMITS

Type of Limit	2009	2008	Funding Deadline
IRA/ROTH	\$5,000	\$5,000	April 15th of the next year.
IRA Catch Up (Age 50+)	\$1,000	\$1,000	
SIMPLE Plans*	\$11,500	\$10,500	Immediately following last payroll of the calendar year.
SIMPLE Catch Up (Age 50+)	\$2,500	\$2,500	
401(k)/IndividualK/403(b)/457*	\$16,500	\$15,500	Immediately following last payroll of the calendar year.
Catch Up (Age 50+)	\$5,500	\$5,000	
SEP (lesser of 25% of profits or \$ limit to right) ¹	\$49,000	\$46,000	Tax filing deadline plus extensions.
Defined Contribution Plan* (lesser of 25% of profits or \$ limit to right) ¹	\$49,000	\$46,000	For profit sharing/matching contributions: tax filing deadline plus extensions.
Defined Benefit Plan*	\$195,000	\$185,000	Tax filing deadline plus extensions.

*Qualified plans must be established by year end even though funding is not required at that time.
SIMPLE and Safe Harbor 401(k) plans must be established by Oct 1 of the funding year.

¹ "Profits" generally means net income from self employment.

IRA / ROTH IRA AGI LIMITS

IRA AGI Limits -	If contributor is a participant in a company sponsored retirement plan, deduction is phased out between:		ROTH AGI Limits -	Allowable contribution phased out at earned income levels greater than:	
	2009	2008		2009	2008
Single:	\$55,000-\$65,000	\$53,000 - \$63,000	Single:	\$105,000 - \$120,000	\$101,000 - \$116,000
Joint:	\$89,000-\$109,000	\$85,000 - \$105,000	Joint:	\$166,000 - \$176,000	\$159,000 - \$169,000
Contribution for Non-Participating Spouse	\$166,000 - \$176,000	\$159,000 - \$169,000	Both Traditional and Roth IRA contributions can be made on behalf of a non-working spouse.		

For all retirement plans, contributor must have earned income (defined as income on which they paid FICA taxes) in an amount equal to or greater than the contribution to the plan plus FICA taxes paid.

COMPENSATION LIMITS

2009/2008
Annual Compensation Limit \$245,000/\$230,000
Social Security Taxable Wages \$106,800/\$102,000
Key Employee Threshold \$160,000/\$150,000
Highly Compensated \$110,000/\$105,000

TAX CREDITS

401k Start Up Credit 50% of the first \$1,000 of administrative costs incurred for each of the first 3 years.
Saver's Tax Credit For filers with an AGI < \$55,500 who are contributing to an IRA or workplace savings plan a tax credit of up to \$1,000 may be available. Visit our website at www.wmsus.com for details.

This information is intended to be a summary of key limits pertinent to IRA's and various retirement plans. Additional rules and restrictions may apply. Relevant tax code should be reviewed prior to determining a course of action.

Retirement Plans for Small Business Owners

PLAN TYPE	CONTRIBUTION TYPE	ELIGIBILITY: You Must Include Employees In The Plan If They:	CONTRIBUTIONS REQUIRED FOR EMPLOYEES (EE's)	FILING REQUIREMENTS / ADMINISTRATIVE FEES / INVESTMENT CHOICES
SEP	Employer contributions. (EE's may make their standard IRA contribution, if eligible, to their employer sponsored SEP account.)	<ul style="list-style-type: none"> >Have worked for you 3 of the past 5 yrs. > Earn more than \$500/yr. >Are age 21 or greater. 	<ul style="list-style-type: none"> >You must contribute the same percent for eligible EE's as for yourself. Example: you contribute 20% of your eligible compensation to the plan; you must contribute 20% of each eligible EE's compensation to their plan. >EE's are immediately 100% vested. 	<ul style="list-style-type: none"> >No form 5500 required. >Account & investment fee born by each EE. >Minimal time required for recordkeeping/accounting. >Employer chooses investment provider but each employee has their own separate account and chooses their own investments.
SIMPLE IRA (you must have no more than 100 EE's)	EE salary deferral and employer matching or non-elective contributions.	<ul style="list-style-type: none"> >Have worked for you for the 2 preceding yrs. and earned \$5,000/yr. or more each of those 2 yrs. 	<ul style="list-style-type: none"> >Employer's choice: Mandatory match \$1 for \$1 up to 3% for all participating EE's or contribute a 2% non-elective contribution for all EE's, regardless of EE participation. >EE's are immediately 100% vested. 	<ul style="list-style-type: none"> >No form 5500 required. >Account & investment fee born by each EE. >Time required each payroll for recordkeeping/accounting. >Employer chooses investment provider but each employee has their own separate account and chooses their own investments.
401(k) Individual(k)* Profit Sharing	EE salary deferral, employer matching and/or discretionary profit sharing.	<ul style="list-style-type: none"> >Work more than 1,000 hrs/yr. >Have worked for you more than 1 yr. (2yrs allowed if 100% vested) >Are age 21 or greater. 	<ul style="list-style-type: none"> >No required contributions unless a Safe Harbor Plan is established. >There are many types of elective matching and/or profit sharing contributions with these plans. >You may have a vesting schedule. 	<ul style="list-style-type: none"> >Form 5500 filed each year. >Minimum \$1,500* admin.** cost per year. >Time required each payroll for recordkeeping/accounting/administration. >Employer chooses investment provider. >Plan assets may be pooled or each participant can have their own account.
Defined Benefit Plan	Employer contributions only.	<ul style="list-style-type: none"> >Work more than 1,000 hrs/yr. >Have worked for you more than 1 yr. (2 yrs allowed if 100% vested) >Are age 21 or greater. 	<ul style="list-style-type: none"> >Based on a formula: factors are years of service, total compensation and age. 	<ul style="list-style-type: none"> >Form 5500 filed each year. >Minimum \$2,000 admin.** cost per year. >Time required annually for recordkeeping/accounting/administration. >Employer chooses investment provider. >Assets are pooled.

*Individual K Plans may be established for businesses with no employees other than a spouse. They can often be established with little or no administration or maintenance fees. **Admin. Fees are estimated; these fees are set by the TPA (third party administrator).

This information is intended to be a summary of key facts pertinent to small business retirement plans. Additional rules and restrictions may apply. Relevant tax code should be reviewed prior to implementing a plan.