



## IRS Announces Key Benefit Plan Limits for 2009

The IRS has issued a [press release](#) announcing the retirement plan limits for 2009, and [Revenue Procedure 2008-66](#), which contains 2009 limits for qualified transportation fringe benefits, adoption assistance programs, long-term care products, and medical savings accounts.

### Retirement Plan Limits

In the table below, we list the key 2009 limits and the corresponding 2008 limits.

	<u>2009</u>	<u>2008</u>
§401(k)/403(b) Elective Deferral Maximum	\$ 16,500	\$ 15,500
§415 Defined Benefit Dollar Maximum	195,000	185,000
§415 Defined Contribution Annual Addition Maximum	49,000	46,000
§457(b) Nonqualified Deferred Compensation Limit	16,500	15,500
§401(a)(17) Annual Compensation Limit	245,000	230,000
§414(q) Highly-Compensated Employee Limit	110,000	105,000
§414(v) Catch-up Contribution Limit	5,500	5,000

The Section 401(a)(17) annual compensation limit for certain grandfathered participants in governmental plans in existence on July 1, 1993 increases from \$345,000 in 2008 to \$360,000 for 2009.

### Qualified Transportation Fringe Benefits

The monthly limits under Section 132(f) for tax years beginning in 2009 (compared with 2008) are:

	<u>2009</u>	<u>2008</u>
Commuter highway vehicle and transit pass	\$ 120	\$ 115
Qualified parking	230	220

## Adoption Assistance Programs

For employer-provided adoption assistance programs, the maximum amount excludible from an employee's income in 2009 (compared with 2008) for the adoption of a child (both for regular and special needs adoptions) are shown below. The excludible amount phases out for taxpayers with modified adjusted gross income that exceeds certain levels.

	<u>2009</u>	<u>2008</u>
Excludible amount	\$ 12,150	\$ 11,650
Phaseout income thresholds		
Phaseout begins	\$ 182,180	\$ 174,730
Phaseout complete	222,180	214,730

## Long-Term Care Premiums

The limits under Section 213 for eligible long-term care premiums that qualify as medical expenses for tax years beginning in 2009 (compared with 2008) are shown below, based on attained age before the close of the taxable year.

	<u>2009</u>	<u>2008</u>
Age 40 or less	\$ 320	\$ 310
> 40 but ≤ 50	600	580
> 50 but ≤ 60	1,190	1,150
> 60 but ≤ 70	3,180	3,080
> 70	3,980	3,850

## Health Savings Accounts

The 2009 limits for contributions to health savings accounts and for high-deductible health plans were released earlier this year. (See our May 13, 2008 [For Your Information.](#))

## Medical Savings Accounts

Medical Savings Accounts (MSAs) are available to employees of small businesses and self-employed individuals if they participate in high-deductible health plans. The deductible limits and out-of-pocket limits in connection with these plans differ from those for HSAs.

For tax years beginning in 2009, the annual deductible for an MSA high-deductible health plan may not be less than \$2,000 and not more than \$3,000 for single coverage, and not less than \$4,000 and not more than \$6,050 for family coverage. Also, annual out-of-pocket expenses (exclusive of premiums) cannot exceed \$4,000 for single coverage and \$7,350 for family coverage.

## Conclusion

Buck's consultants are ready to assist you with updating any documents and employee communications to reflect the adjusted 2009 amounts.

Our *For Your Reference*, a wallet-sized booklet showing retirement plan and other benefit limits and various Social Security and Medicare key figures, will be available shortly from your Buck consultant.

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*This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.*