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SATTLER
 **COMPANY**
 CERTIFIED PUBLIC ACCOUNTANTS

Retirement Planning Key Numbers



While an increasing number of retirement plan and IRA limits are indexed for inflation each year, most of the limits eligible for a cost-of-living adjustment (COLA) did not adjust upward for 2010. Some of the key numbers for 2010 are listed below, with the corresponding limit for 2009. (The source for these 2010 numbers is IRS Information Release IR-2009-94.)

| | 2009 | 2010 |
|---|---|---|
| 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 \$16,500 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 \$11,500 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 | \$5,500 | \$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 \$195,000 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 \$49,000 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.

| | 2009 | 2010 |
|--|--|--|
| Retirement plan compensation limits | | |
| Maximum compensation per participant that can be used to calculate tax-deductible employer contribution (qualified plans and SEPs) | \$245,000 | \$245,000 |
| Compensation threshold used to determine a highly-compensated employee | \$110,000 (when 2009 is the look-back year) | \$110,000 (when 2010 is the look-back year) |
| Compensation threshold used to determine a key employee in a top-heavy plan | \$1 for more-than-5% owners \$160,000 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 | \$550 | \$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 | \$55,000 - \$65,000 | \$56,000 - \$66,000 |
| Married filing jointly | \$89,000 - \$109,000 | \$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 | \$166,000 - \$176,000 | \$167,000 - \$177,000 |
| Income phaseout range for determining ability to fund a Roth IRA for taxpayers filing as: | | |
| Single/Head of household | \$105,000 - \$120,000 | \$105,000 - \$120,000 |
| Married filing jointly | \$166,000 - \$176,000 | \$167,000 - \$177,000 |
| Married filing separately | \$0 - \$10,000 | \$0 - \$10,000 |
| Annual income limit for determining ability to convert traditional IRA to Roth IRA | \$100,000 | N/A |

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