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TAX-ADVANTAGED RETIREMENT PLAN DESIGN, CONSULTING, & TPA

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ANNUAL DOLLAR LIMITS FOR PROFIT SHARING 401(k) PLANS

401(k) Contribution Limits			
Calendar Year	Maximum 401(k) Deferral	Catch-up Contribution for Those Attaining Age 50 or Better	Maximum Total 401(k) Contribution for those Age 50 or Better
2009	16,500	5,500	22,000
2008	15,500	5,000	20,500

- Above figures are calendar year limits.
- 401(k) contributions by “Highly Compensated Employees” (HCEs) may be subject to lower limits if you do not have a 401(k) Safe Harbor election in effect. Call us to discuss 401(k) Testing Strategies.
- SIMPLE Plan limits for 2009 are \$11,500 plus \$2,500 catch-up; significantly less than 401(k).

Defined Contribution (i.e., Profit Sharing, Match & 401(k) Combined) Contribution Limits				
	Maximum Defined Contribution Limit (i.e. Profit Sharing, Match & 401(k))	Plus Catch-up Contribution For those 50 or Better	Combined Total Annual Limit	Maximum Compensation Limit
2009	49,000	5,500	54,500	245,000
2008	46,000	5,000	51,000	230,000

- Your plan must include a 401(k) feature in order to enable owners to reach the “Combined Total Annual Contribution Limit”.
- It is helpful for owners to earn “Maximum Compensation” so as to hold down the rate of contribution for staff. Compensation in excess of “Max” is not counted.

Highly Compensated Employee (“HCE”) Indexed Limits		
If Compensation in This Year	Equals or Exceeds	Employee will be an HCE In
2009	110,000	2010
2008	105,000	2009

- 5% Owners & Family Members are HCEs regardless Compensation
- HCEs can be limited to 20% most highly paid if Plan has a “Top Paid Group” election in effect.
- HCE status can create testing problems OR significant planning opportunities. Please call us to discuss.