



Employee Incentive Plans, Inc.
12466 Los Indios Trail, Suite 200
Austin, Texas 78729
(512) 258-4040
Fax (512) 258-4958

REMINDER ALERT

TO: Plan Administrators & Sponsors
FROM: Employee Incentive Plans, Inc.

RE: 2009 Qualified Retirement Plan Limitations and Updates

(A) 2009 Dollar Limitations

1. Section 402(g)(1) Elective Deferral Limit - 401 (k) plans	\$ 16,500
2. Catch-up Contribution – age 50 & older	\$ 5,500
3. Section 401(a)(17) Compensation Limit	\$ 245,000
4. Taxable Wage Base	\$ 106,800
5. Code Section 415 Individual Maximum Limit	\$ 49,000

(B) Code Section 404 allows deduction limits up to 25% of eligible compensation.

(C) Highly Compensated Employee (HCE) Definition

1. Participants with greater than 5 percent ownership in prior or current year
2. Section 414(q)(1)(B) Compensation Limit for prior year \$ 110,000

(D) All 401(k) withholding from employees in large plans must be deposited as soon as administratively feasible after withholding from a participant's pay. For small plans (under 100 participants) 401(k) deposits should be made as of each payroll period but no later than 7 business days following date withheld. All deposits should be consistent.

(E) EGTRRA added a "catch-up contribution" provision for participants age 50 and older. The catch-up amount is available to participants in a 401(k) plan who reach one of three limits. The limits include statutory limits, plan document limits or ADP limits.

(F) **401(k) Enrollment Reminder:** Please call our office in advance with the number of enrollment packets you will need for the January 1st enrollment period! **Allow two weeks for delivery.** If you would like to have a meeting for your employees, please contact our office to schedule an appointment.

(G) Preliminary 2008 ADP/ACP Test – Please contact our office if you would like us to review the discrimination test on your 401(k) plan for the current year. **Safe Harbor Contributions** allow your plan to eliminate the testing requirement and return of excess contributions. Your plan must add Safe Harbor options before December 1, 2008 to apply for the 2009 plan year. **Please contact our office to discuss these details.**

(H) Deposits of 945 taxes from plan distributions – The 945 taxes should be made in the same manner as your normal payroll taxes using your special plan identification number (i.e., if you file payroll taxes electronically, then you must file 945 taxes electronically). We recommend electronically regardless.

Upon review of the above information, please contact our office if you have any questions.