



Employee Incentive Plans, Inc.  
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# REMINDER ALERT

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

**RE:** **2010 Qualified Retirement Plan Limitations and Updates**  
***NO CHANGES FROM PRIOR YEAR***

(A) 2010 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 must be made as of each payroll period but no later than 7 business days following date withheld to meet the IRS Safe Harbor deposit provision. All deposits should be consistent.

(E) The "catch-up contribution" provision for participants age 50 and older is still available. 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 1<sup>st</sup> 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 2009 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, 2009 to apply for the 2010 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 Trust 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.