

2008 Cost-of-Living Adjustments

The Internal Revenue Service and the Social Security Administration have published cost-of-living adjustments for 2008. The new plan limits, effective for plan years beginning on or after January 1, 2008, and the Social Security amounts effective for calendar year 2008, are as follows:

PLAN LIMITS	NEW LIMIT	OLD LIMIT
■ Maximum annual employee 401(k) salary deferrals	\$15,500	\$15,500
■ Maximum annual "catch-up contributions"	\$5,000	\$5,000
■ Maximum annual pension under defined benefit plan	\$185,000	\$180,000
■ Maximum annual additions to an individual's defined contribution plan account	\$46,000	\$45,000
■ Maximum includable annual compensation	\$230,000	\$225,000
■ Compensation used in determining Highly Compensated Employees	\$105,000	\$100,000
■ Minimum annual compensation level mandating inclusion in Simplified Employee Pensions	\$500	\$500
■ Employee Stock Ownership Plan (ESOP) amount that extends 5-year distribution period	\$935,000	\$915,000
SOCIAL SECURITY AMOUNTS	NEW AMOUNT	OLD AMOUNT
■ OASDI wage base	\$102,000	\$97,500
■ HI wage base	No Limit	No Limit
■ Benefit Payment COLA	2.3%	3.3%
■ Earnings Test*		
□ Under full retirement age	\$13,560	\$12,960
□ Year individual reaches retirement age	\$36,120	\$34,440

* There is no limit on earnings beginning the month an individual attains full retirement age.

Practice group contacts

If you have questions regarding the information in this legal update, please contact the Dechert attorney with whom you regularly work, or any of the attorneys listed. Visit us at www.dechert.com/employeebenefits.

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