



Special Announcement

On October 16th 2008 federal tax officials released the new defined contribution plan dollar limits with cost-of-living adjustments for the 2009 tax year. According to the IRS, many of the plan limitations will change for 2009 because the increase in the cost-of-living index met the statutory thresholds that trigger their adjustment. Below are changes that will effect your plan:

- 401(k) and 403(b) maximum participants deferral increased to \$16,500 for 2009 from \$15,500 for 2008
- Catch-Up contributions for all participants over the age of 50 increased to \$5,500 for 2009 from \$5,000 for 2008
- Maximum annual contribution (employee and employer) increased to \$49,000 for 2009 from \$46,000 for 2008

Below is a table that shows how the limits have changed over the past few years:

	2009	2008	2007	2006
Elective Deferrals (401k & 403b plans)	\$16,500	\$15,500	\$15,500	\$15,000
Annual Benefit Limit	\$195,000	\$185,000	\$180,000	\$175,000
Annual Contribution Limit	\$49,000	\$46,000	\$45,000	\$44,000
Annual Compensation Limit	\$245,000	\$230,000	\$225,000	\$220,000
457 Deferral Limit	\$16,500	\$15,500	\$15,500	\$15,000
Highly Compensated Threshold	\$110,000	\$105,000	\$100,000	\$100,000
SIMPLE Contribution Limit	\$11,500	\$10,500	\$10,500	\$10,000
SEP Coverage	\$550	\$500	\$500	\$450
SEP Compensation Limit	\$245,000	\$230,000	\$225,000	\$220,000
Income Subject to Social Security	\$106,800	\$102,000	\$97,500	\$94,200
Top-Heavy Plan Key Employee Comp	\$160,000	\$150,000	\$145,000	\$140,000
Catch-Up Contributions	\$5,500	\$5,000	\$5,000	\$5,000
SIMPLE Catch-Up Contributions	\$2,500	\$2,500	\$2,500	\$2,500

Inside this issue:

Federal tax officials release new defined contribution plan dollar limits for the 2009 tax year.

Heffernan
Financial Services
Retirement Plan Update
120 Howard St.,
Suite 550
San Francisco, CA
94105

John Prichard Sr.
Senior Vice President
415.808.1317
johnpsr@heffgroup.com

Blake Thibault
Vice President
415.808.1359
blaket@heffgroup.com

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