



Employee Benefits Law Action Memo

October 2008

Electronic Dispatch

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IRS ANNOUNCES 2009 PENSION AND RELATED LIMITATIONS

On October 16, 2008, the Internal Revenue Service announced cost-of-living adjustments applicable to dollar limitations for pension plans and other items beginning January 1, 2009.

Section 415 of the Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans. These limitations are adjusted annually to reflect cost-of-living increases. Many other limitations applicable to retirement plans are adjusted at the same time and in the same manner as the Section 415 limit. The amounts to be applied for 2009 are listed below. Also included are the 2008 amounts for comparison purposes.

LIMITATION	2008 AMOUNT	2009 AMOUNT
Maximum Annual Compensation taken into account for determining benefits or contributions to a qualified plan	\$230,000	\$245,000
Basic Elective Deferral Limitation for 401(k), 403(b) and 457(b) Plans	\$15,500	\$16,500
Catch-up Contribution Limit for Persons Age 50 and older in 401(k), 403(b) or SARSEP Plans	\$5,000	\$5,500
Limitation on Annual Additions to a Defined Contribution Plan ¹	\$46,000	\$49,000
Limitation on Annual Benefits from a Defined Benefit Plan ²	\$185,000	\$195,000
Highly Compensated Employee Compensation Threshold ³	\$105,000	\$110,000
SEP Compensation Threshold	\$500	\$550
Social Security Taxable Wage Base for Social Security Tax (6.2%)	\$102,000	\$106,800
For Medicare (1.45%)	No Limit	No Limit
Health Savings Accounts:		
• Individual Contribution Limit	\$2,900	\$3,000
• Family Contribution Limit	\$5,800	\$5,950
• Catch-Up Contributions	\$900	\$1,000

¹ In no event may annual additions exceed 100% of a participant's compensation.

² In no event may a participant's annual benefit exceed 100% of the participant's average compensation for the participant's high three years.

³ Generally, an employee is considered "highly compensated" if the employee:

- (a) was a five-percent owner of the employer at any time during the current or preceding year; or
- (b) received compensation from the employer in the preceding year of more than the applicable dollar limit for that year.



If you have any questions about this memorandum, please contact Steve Daley in our Syracuse office (315-218-8237, sdaley@bsk.com) or any of the other members of our Employee Benefits and Executive Compensation Practice Group listed below.

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The BS&K Labor, Employment Law, Employee Benefits and Immigration Practice Group invites you to attend two timely webinars concerning Reductions-In-Force.

November 6, 2008 Session I Online Webinar

**Layoffs from a Labor and Employment Law Perspective:
Avoiding the Legal Pitfalls When Conducting a Reduction in
Force and Individual Separations from Employment**

Speakers: Louis P. DiLorenzo and Peter A. Jones

1:00 p.m. - 2:30 p.m.; Registration Fee: \$50.00

For more information go to www.bsk.com
or to register online go to <http://bsk.webex.com>
(note that 'www' is not required)

November 19, 2008 Session II Online Webinar

**Layoffs from an Employee Benefits Law Perspective:
Administering Employee Benefits in Termination and
Reduction in Hours Situations**

Speaker: Darcie A. Falsioni

1:00 p.m. - 2:00 p.m.; Registration Fee: \$40.00

For more information go to www.bsk.com
or to register online go to <http://bsk.webex.com>
(note that 'www' is not required)

Who Should Attend

This program is recommended for General Counsel, Human Resources Professionals, Compensation & Benefit Professionals, CEO's, CFO's, and other management officials with responsibility for making and/or administering reduction in force decisions or designing separation programs.

Program Summary

From Wall Street to Main Street, from Starbucks to General Motors, economic conditions are forcing many employers to reduce their workforces or separate individuals from their payroll. Separation from employment also necessarily requires that eligibility for employee benefits be properly and timely addressed. While such separation activities can assist an employer during difficult times, they also create high risks of potential legal liability at the most inopportune of times.

These two timely webinars will explore the alternatives to a reduction in force (RIF) and the necessary elements to planning and executing an effective and successful RIF. The programs will offer practical advice, based on recent court decisions and interpretations of administrative agencies, for designing the procedure and criteria for a separation program, separation agreements and releases (group and individual), and the "how and when" for terminating various employee benefits. This area can be a trap for the unwary -- from compliance with new legislation, such as the recently enacted New York State WARN Act, to ensuring that "standard" separation agreements drafted during the last restructuring comply with the latest court, EEOC and IRS pronouncements, for example complying with IRC Section 409A, these programs will put you on solid footing so that cost cutting initiatives are not eroded by unforeseen legal costs.