

## IRS Annual Benefit Plan Limits for 2005

The Internal Revenue Service has issued dollar limits affecting qualified plans and other fringe benefit plans in 2005. These dollar limits are effective for plan years that begin on or after January 1, 2005. In addition, the Social Security Administration has announced the cost-of-living adjustments applicable in 2005.

<b>IRS RETIREMENT PLAN LIMITS</b>	<b>2004</b>	<b>2005</b>
Maximum elective salary reductions to §401(k), §403(b) and §457 plans	\$13,000	<b>\$14,000</b>
§401(k) and §403(b) Catch-Up for individuals age 50 and older	\$3,000	<b>\$4,000</b>
Maximum Amount of Annual Compensation that can be taken into Account for determining benefits or contributions under a Qualified Plan	\$205,000	<b>\$210,000</b>
§414(q) Test to identify Highly Compensated Employees	\$90,000	<b>\$95,000</b>
Code Section §415 Maximums		
<i>Total defined benefit accrued</i>	\$165,000	<b>\$170,000</b>
<i>Annual defined contribution allocation</i>	\$41,000	<b>\$42,000</b>
Determination of key employees:		
<i>Officers earning more than</i>	\$130,000	<b>\$135,000</b>
Qualified transportation benefits		
<i>Monthly parking</i>	\$195	<b>\$200</b>
<i>Monthly transit pass/commuter vehicle</i>	\$100	<b>\$105</b>
<b>SOCIAL SECURITY BENEFIT WAGE BASE</b>	<b>2004</b>	<b>2005</b>
<i>OASDI taxable wage base</i>	\$87,900	<b>\$90,000</b>
<i>OASDI tax rate</i>	6.2%	<b>6.2%</b>
<i>Maximum monthly benefit</i>	\$1,825	<b>\$1,939</b>
<i>Cost of living adjustment</i>	2.1%	<b>2.7%</b>
<i>Medicare taxable wage base</i>	No Limit	<b>No Limit</b>
<i>Medicare tax rate</i>	1.45%	<b>1.45%</b>

## Duane Morris

### Employee Benefits and Executive Compensation Group

Duane Morris' Employee Benefits and Executive Compensation Group provides timely information on the increasingly complex requirements of the myriad federal and state laws that govern this field. Our lawyers have extensive experience representing clients in all facets of benefits-related disputes. If you have any questions about the Alert, please contact one of the lawyers below or the lawyer in the firm with whom you are regularly in contact.

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