



# LGT

---

## FINANCIAL FOCUS



Lane Gorman Trubitt, L.L.P.  
Accountants & Advisors

## Your Accounting for a New Economy

# 2009 Retirement Plan and IRA Limits

An increasing number of retirement plan and IRA limits are indexed for inflation each year. Some of the key numbers for 2009 are discussed below.

### **Elective deferrals**

If you're lucky enough to be eligible to participate in a 401(k), 403(b), 457(b), or SAR-SEP plan, you can make elective deferrals of up to \$16,500 in 2009, up from \$15,500 in 2008. If you're age 50 or older, you also can make a catch-up contribution of up to \$5,500 to these plans in 2009, up from \$5,000 in 2008.

If your 401(k) or 403(b) plan allows Roth contributions, your total elective contributions, pretax and Roth, can't exceed \$16,500 (\$22,000 with catch-up contributions). You can split your contribution any way you wish. For example, you can make \$9,500 of Roth contributions and \$7,000 of pretax 401(k) contributions. It's up to you.

If you participate in a SIMPLE IRA or SIMPLE 401(k) plan, you can contribute up to \$11,500 in 2009 (up from \$10,500 in 2008). If you're age 50 or older, the maximum catch-up contribution to a SIMPLE IRA or SIMPLE 401(k) plan in 2009 is \$2,500, unchanged from 2008.

### **IRA limits remain the same for 2009**

The amount you can contribute to a traditional or Roth IRA remains at \$5,000 for 2009, and the maximum catch-up contribution for those aged 50 or older remains at \$1,000. You can contribute to an IRA in addition to an employer-sponsored retirement plan. But if you (or your spouse) participate in an employer sponsored plan, your ability to deduct traditional IRA contributions may be limited, depending on your income. Roth contributions are also subject to income limits.

## **Some other key numbers for 2009**

For 2009, the maximum amount of compensation your employer can take into account when calculating SEP and qualified plan contributions and benefits is \$245,000 (up from \$230,000 in 2008).

The maximum annual benefit you can receive from a defined benefit pension plan is limited to \$195,000 in 2009 (up from \$185,000 in 2008).

And the maximum amount that can be allocated to your account in a defined contribution plan (for example, a 401(k) plan or profit sharing plan) in 2009 is \$49,000 (up from \$46,000 in 2008), plus age-50 catch-up contributions. (This includes both your contributions and your employer's contributions. Special rules apply if your employer sponsors more than one retirement plan.)