



# 2008 Cost-Of-Living Adjustments

The IRS has announced the annual Cost-Of-Living Adjustments (COLA) for certain limitations to qualified plans [including 412(i)], income, estate, gift, and generation-skipping transfer taxes. These new limitations are effective January 1, 2008.

<i>Retirement Benefits</i>	<i>Internal Revenue Code Section</i>	<i>2007</i>	<i>2008</i>
Defined Contribution Plan Contribution Limit	415(c)(1)(A)	\$ 45,000	\$ 46,000
Annual Benefit Limitation Under a Defined Benefit Plan [Applies to 412(i) Plans]	415(b)(1)(A)	180,000	185,000
Elective Deferrals [Applies to 401(k) Plans]	402(g)(1)	15,500	15,500
Tax-Sheltered Annuity Deferrals—403(b) Plans	402(g)(3)	15,500	15,500
401(k) and 403(b) Catch-Up Contribution Limit—Age 50 and Over	414(v)(2)(B)	5,000	5,000
Definition of Highly Compensated Employee [Applies to 412(i) Plans]	414(q)(1)(B)	100,000	105,000
Definition of Key Employee in a Top-Heavy Plan	416(i)(1)(A)(i)	145,000	150,000
Annual Compensation Limits [Applies To 412(i) Plans]	401(a)(17)	225,000	230,000
Minimum Compensation Amount for Simplified Employee Pensions (SEPs)	408(k)(2)(C)	500	500
SIMPLE IRA—Maximum Employee Contribution	408(p)(2)(E)	10,500	10,500
SIMPLE IRA Catch-Up Contribution Limit—Age 50 and Over	414(v)(2)(B)	2,500	2,500
IRA Deductible Contribution Limit	219	4,000	5,000
IRA Catch-Up Contribution Limit—Age 50 and Over	219	1,000	1,000
Deferred Compensation Plans of State and Local Governments and Tax-Exempt Organizations	457(e)(15)	15,500	15,500

(See other side)



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<i>Retirement Benefits</i>	<i>Internal Revenue Code Section</i>	<i>2007</i>	<i>2008</i>
Annual Gift Exclusion Allowance	2503(b)	\$ 12,000	\$ 12,000
Unified Credit—Applicable Exclusion Amount	2010	2,000,000	2,000,000
Foreign Spouse Annual Gift Exclusion	2523	125,000	128,000
Generation-Skipping Transfer Tax Exemption	2631	2,000,000	2,000,000

  

<i>Income Tax</i>	<i>2007</i>	<i>2008</i>
Income Subject to Social Security Tax (OASDI)	\$ 97,500	\$ 102,000

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