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## 2010 Key Numbers

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## Retirement Planning

|  | 2009   | 2010   |
|--|--|--|
| <b>Employee/individual contribution limits</b>   |  |  |
| Elective deferral limits   |  |  |
| ▶ 401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs <sup>1</sup> (Includes Roth 401(k) and Roth 403(b) contributions) | Lesser of \$16,500 or 100% of participant's compensation | Lesser of \$16,500 or 100% of participant's compensation |
| ▶ SIMPLE 401(k) plans and SIMPLE IRA plans <sup>1</sup>  | Lesser of \$11,500 or 100% of participant's compensation | Lesser of \$11,500 or 100% of participant's compensation |
| IRA contribution limits  |  |  |
| ▶ Traditional IRAs   | Lesser of \$5,000 or 100% of earned income               | Lesser of \$5,000 or 100% of earned income               |
| ▶ Roth IRAs  | Lesser of \$5,000 or 100% of earned income               | Lesser of \$5,000 or 100% of earned income               |
| Additional "catch-up" limits (individuals age 50 or older)   |  |  |

|   |   |   |
|---|---|---|
| ▶ 401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs <sup>2</sup>   | \$5,500   | \$5,500   |
| ▶ SIMPLE 401(k) plans and SIMPLE IRA plans  | \$2,500   | \$2,500   |
| ▶ IRAs (traditional and Roth)   | \$1,000   | \$1,000   |
| <b>Employer contribution/benefit limits<sup>3</sup></b>   |   |   |
| <b>Defined benefit plan limits</b>  |   |   |
| ▶ Annual contribution limit per participant   | No predetermined limit. Contributions based on amount needed to fund promised benefits  | No predetermined limit. Contributions based on amount needed to fund promised benefits  |
| ▶ Annual benefit limit per participant  | Lesser of \$195,000 or 100% of average compensation for highest three consecutive years   | Lesser of \$195,000 or 100% of average compensation for highest three consecutive years   |
| <b>Defined contribution plan limits (qualified plans, 403(b) plans, SEP, and SIMPLE plans)</b>  |   |   |
| ▶ Annual addition limit per participant (employer contributions; employee pretax, after-tax, and Roth contributions; and forfeitures; not applicable to SIMPLE IRA plans) | Lesser of \$49,000 or 100% (25% for SEP) of participant's compensation  | Lesser of \$49,000 or 100% (25% for SEP) of participant's compensation  |
| ▶ Maximum tax-deductible employer contribution (not applicable to 403 (b) plans)  | 25% of total compensation of employees covered under the plan (20% if self employed) plus any employee pretax and Roth contributions; 100% for SIMPLE plans | 25% of total compensation of employees covered under the plan (20% if self employed) plus any employee pretax and Roth contributions; 100% for SIMPLE plans |
| <b>Compensation limits/thresholds</b>   |   |   |
| <b>Retirement plan compensation limits</b>  |   |   |
| ▶ Maximum compensation per participant that can be used to calculate tax-deductible employer contribution (qualified plans and SEPs)                                      | \$245,000   | \$245,000   |
| ▶ Compensation threshold used to determine a highly-compensated employee  | \$110,000<br>(When 2009 is the look-back year)  | \$110,000<br>(When 2010 is the look-back year)  |
| ▶ Compensation threshold used to determine a key employee in a top-heavy plan   | \$1 for more-than-5% owners<br>\$160,000 for officers<br>\$150,000 for more-than-1% owners  | \$1 for more-than-5% owners<br>\$160,000 for officers<br>\$150,000 for more-than-1% owners  |
| ▶ Compensation threshold used to determine a qualifying employee under a SIMPLE plan  | \$5,000   | \$5,000   |
| ▶ Compensation threshold used to determine a qualifying employee under a SEP plan   | \$550   | \$550   |
| <b>Traditional deductible IRA compensation limits</b>   |   |   |
| ▶ Income phase-out range for determining deductibility of traditional IRA contributions for taxpayers:  |   |   |
| 1. Covered by an employer-sponsored plan and filing as:   |   |   |
| Single  | \$55,000-\$65,000   | \$56,000-\$66,000   |
| Married filing jointly  | \$89,000-\$109,000  | \$89,000-\$109,000  |
| Married filing separately   | \$0-\$10,000  | \$0-\$10,000  |

|  |                     |                     |
|--|---------------------|---------------------|
| 2. Not covered by an employer-sponsored retirement plan, but filing joint return with a spouse who is covered by an employer-sponsored retirement plan | \$166,000-\$176,000 | \$167,000-\$177,000 |
| Roth IRA compensation limits   |                     |                     |
| ▶ Income phase-out range for determining ability to fund Roth IRA for taxpayers filing as:   |                     |                     |
| Single   | \$105,000-\$120,000 | \$105,000-\$120,000 |
| Married filing jointly   | \$166,000-\$176,000 | \$167,000-\$177,000 |
| Married filing separately  | \$0-\$10,000        | \$0-\$10,000        |
| ▶ Annual income limit for determining ability to convert traditional IRA to Roth IRA   | \$100,000           | N/A                 |

**<sup>1</sup> Must aggregate employee contributions to all 401(k), 403(b), SAR-SEP, and SIMPLE plans of all employers. 457(b) plan contributions are not aggregated. For SAR-SEPs, the percentage limit is 25% of compensation reduced by elective deferrals (effectively, a 20% maximum contribution).**

**<sup>2</sup> Special catch-up limits may also apply to 403(b) and 457(b) plan participants.**

**<sup>3</sup> For self-employed individuals, compensation generally means earned income. This means that, for qualified plans, deductible contributions for a self-employed individual are limited to 20% of net earnings from self-employment (net profits minus self-employment tax deduction), and special rules apply in calculating the annual additions limit.**

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