

## 2009 Quick Reference

This quick reference guide provides information on: Social Security and Medicare for 2009; IRS retirement plan limits for 2009; IRS limits for health savings accounts and high deductible health plans for 2009; and personal income tax rates for 2009 taxable income. [Investment and other indices for 2008 also are provided.] Brief explanations for each of the items appear below.

<b>Social Security/Medicare</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
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Cost-of-Living Increase	5.8%	2.3%	3.3%	4.1%
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This annual, automatic adjustment is based on an increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of one year through the corresponding period of the next. The 5.8% adjustment announced in October 2008 affects benefits payable by the Social Security Administration in 2009.

Social Security Wage Base	\$106,800	\$102,000	\$97,500	\$94,200
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This figure, adjusted annually based on increases in the national average wages, represents the maximum amount of earnings that is subject to the Old-Age, Survivors, and Disability Insurance (OASDI) portion of the payroll tax under the Federal Insurance Contributions Act (FICA) for Social Security benefits.

Medicare Wage Base	unlimited	unlimited	unlimited	unlimited
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Since 1994, all wages have been subject to the Hospital Insurance (HI) portion of the payroll tax under the Federal Insurance Contributions Act (FICA) for Medicare benefits.

Social Security (OASDI) Tax Rate	6.2%	6.2%	6.2%	6.2%
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This tax rate is established by law and is not subject to annual adjustments. The current 6.2% tax rate has applied to wages up to the Social Security wage base since 1990; no statutory increase for future years is scheduled at this time.

Medicare Tax Rate	1.45%	1.45%	1.45%	1.45%
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This tax rate is established by law and is not subject to annual adjustments. The current 1.45% tax rate has applied to all wages since 1986; no statutory increase for future years is scheduled at this time.

Medicare: Part A Deductible	\$1,068	\$1,024	\$992	\$952
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This figure represents the full amount a Medicare-covered individual must pay for up to 60 days of inpatient hospital care for each benefit period. The amount is subject to change annually under a complicated formula.

Medicare: Part B Premium	\$96.40*	\$96.40	\$93.50	\$88.50
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This figure is the monthly amount Medicare-covered individuals must pay for medical insurance that pays for a part of the costs incurred for doctor visits, outpatient hospital care, and other medical services. Since 1996, the amount has been subject to change annually, based on a formula that takes into account program costs.

\* Beginning in 2007, premiums were based on beneficiaries' income levels, with individuals whose annual modified adjusted gross incomes (AGI) shown on the tax returns they filed two years prior exceeded \$80,000 (\$160,000 for couples) (indexed) being subject to higher premium amounts. The minimum Part B premium amount for 2009 applies to AGI equal to or less than \$85,000/\$170,000 in 2007. The 2003 Medicare law phases in an increase over five years, so that in 2011, higher income beneficiaries will pay total premiums ranging from 35% to 80% of the value of Part B.

Medicare: Part D Premium	\$30.36	\$27.93	\$27.35	\$32.20
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This figure is the "national average" monthly premium amount. For individuals without prescription drug coverage that is at least equivalent to Medicare Part D and who do not enroll in Part D coverage when they are first eligible, a late enrollment penalty applies. The penalty is 1% of the base premium times the number of months the beneficiary was eligible for but without Part D coverage or creditable coverage.

	2009	2008	2007	2006
Age-65 Covered Compensation	\$59,268	\$56,484	\$53,820	\$51,252

This amount, used primarily to determine certain defined benefit plan benefits, is the average of the Social Security wage bases (without indexing) for each calendar year during the 35-year period ending with the calendar year immediately prior to when an employee attains (or will attain) Social Security normal retirement age.

Maximum SS Monthly Benefit	\$2,323	\$2,185	\$2,116	\$2,053
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This amount, adjusted annually, is the monthly Social Security benefit payable to workers who, throughout their careers, earned at or above the taxable wage base and who retire at the Social Security normal retirement age.

### **Retirement Plan Limits**

Maximum Annual Pension (DB)	\$195,000	\$185,000	\$180,000	\$175,000
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This is the maximum amount that an individual may receive from a tax-qualified defined benefit (DB) pension plan at age 65. A 2001 law set the amount for 2002, after which it became subject to annual adjustments upon meeting statutorily specified rounding thresholds.

Maximum Annual Addition (DC)	\$49,000	\$46,000	\$45,000	\$44,000
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This is the maximum amount that may be contributed to an individual's tax-qualified defined contribution (DC) plan. A 2001 law set the amount for 2002, after which it became subject to annual adjustments upon meeting statutorily specified rounding thresholds.

401(k)/403(b)/457 Deferrals	\$16,500	\$15,500	\$15,500	\$15,000
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This is the maximum amount that an individual may defer under a 401(k) plan, a 403(b) tax-sheltered annuity, or a 457 deferred compensation arrangement sponsored by state and local governments or by tax-exempt organizations. A 2001 law set the amount for 2002 and the ensuing four years, after which it became subject to annual adjustments upon meeting statutorily specified rounding thresholds.

"Catch-up" Elective Deferral	\$5,500	\$5,000	\$5,000	\$5,000
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This is the maximum amount that an individual aged 50 or older by year-end may contribute, on a pre-tax basis, toward 401(k), 457, and 403(b) plans in addition to otherwise applicable limitations. A 2001 law created "catch-up" deferrals and set the limit for 2002 and the ensuing four years, after which the amount became subject to annual adjustments upon meeting statutorily specified rounding thresholds.

Annual Compensation Limit	\$245,000	\$230,000	\$225,000	\$220,000
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This is the maximum amount of compensation that may be taken into account in determining an individual's contributions to or benefits under a tax-qualified retirement plan. Certain government-sponsored plans may set a higher limit. A 2001 law set the amount for 2002, after which it became subject to annual adjustments upon meeting statutorily specified rounding thresholds.

Highly Compensated Limit	\$110,000	\$105,000	\$100,000	\$100,000
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Employees are considered "highly compensated" during a retirement plan's nondiscrimination testing year if their earnings were at or exceeded this amount during the previous year and they were among the top-paid 20%. Thus, when determining which employees are highly compensated for 2009, qualified plans must initially compare 2008 compensation against the \$105,000 limit in effect for 2008. The amount is subject to annual adjustments upon meeting statutorily specified rounding thresholds.

### **HSA and HDHP Limits**

HSA Contribution Limit				
Self-only	\$3,000	\$2,900	\$2,850	\$2,700
Family	\$5,950	\$5,800	\$5,650	\$5,450

Beginning in 2007, the maximum tax-deductible contribution to a health savings account (HSA) for an individual covered by a "high deductible health plan" (HDHP) is 100% of the specified limit. Prior to 2007, the contribution limit was the lesser of: the HDHP's annual deductible; or the specified contribution limit. HDHPs have specified minimum deductibles and maximum out-of-pocket requirements.

	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>HDHP Minimum Deductible</b>				
Self-only	\$1,150	\$1,100	\$1,100	\$1,050
Family	\$2,300	\$2,200	\$2,200	\$2,100
<b>HDHP Out-of-Pocket Maximum</b>				
Self-only	\$5,800	\$5,600	\$5,500	\$5,250
Family	\$11,600	\$11,200	\$11,000	\$10,500

<b>Personal Income Tax Rates on 2009 Taxable Income</b>	<b>Married/ Single</b>	<b>Married/ Joint</b>	<b>Head of Separate</b>	<b>Household</b>
10% on taxable income to:	\$8,350	\$16,700	\$8,350	\$11,950
15% on next taxable income to:	\$33,950	\$67,900	\$33,950	\$45,500
25% on next taxable income to:	\$82,250	\$137,050	\$68,525	\$117,450
28% on next taxable income to:	\$171,550	\$208,850	\$104,425	\$190,200
33% on next taxable income to:	\$372,950	\$372,950	\$186,475	\$372,950
35% on taxable income above:	\$372,950	\$372,950	\$186,475	\$372,950

The above information is provided by Milliman, Inc.'s Employee Benefits Research Group, 1401 I St., N.W., Suite 220, Washington, DC. Additional information may be obtained by contacting Milliman consulting actuary Glenn Bowen, at 1550 Liberty Ridge Drive, Suite 200, Wayne, PA 19087-5572 (tel.: (610) 687-5644; email: glenn.bowen@milliman.com).