

## By the Numbers: The 2009 Indexed Pension and Social Security Numbers

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We present the 2009 indexed pension and Social Security numbers in an easy-to-read table. Feel free to photocopy this table and keep it handy. ■

PENSION NUMBERS	2007	2008	2009
<b>Sec. 415 Limit for Defined-Benefit Plans</b> <b>(Sec. 415(b)(1)(A))</b> Maximum yearly benefit allowed is the lesser of 100% of the highest 3 years' compensation or the indicated figure. Reductions apply for plans with pre-62 retirement ages and for participants with fewer than 10 years of service. *This amount will be indexed in \$5,000 increments when applicable.	\$180,000	\$185,000	\$195,000*
<b>Sec. 415 Limit for Defined-Contribution Plans</b> <b>(Sec. 415(c)(1)(A))</b> Maximum annual addition is the lesser of these numbers. *This amount will be indexed in \$1,000 increments when applicable.	\$45,000/100 percent of salary	\$46,000/100 percent of salary	\$49,000*/100 percent of salary
<b>Annual Limit on Includible Compensation</b> <b>(Sec. 401(a)(17))</b> Maximum compensation that can be taken into account when determining an individual contribution or benefit. *This amount will be indexed in \$5,000 increments when applicable.	\$225,000	\$230,000	\$245,000*
<b>Highly Compensated Employee</b> <b>(Sec. 414(q)(1)(B))</b> A person who earns over the indicated limits in the prior year and who is in the top 20% of employees (if elected) is a highly compensated employee. *This amount will be indexed in \$5,000 increments when applicable.	\$100,000	\$105,000	\$110,000*
<b>Key Employee</b> <b>(Sec. 416(i)(1)(A)(i))</b> An employee is considered a key employee if, during the prior year, the employee was (1) an officer with compensation in excess of the listed figure, (2) a 5% owner, or (3) a 1% owner with compensation in excess of \$150,000. The law limits the number of officers treated as key employees. The family ownership attribution rule applies in determining whether an individual is a 5% owner of the employer for purposes of the top-heavy rules. *This amount will be indexed in \$5,000 increments when applicable.	\$145,000	\$150,000	\$160,000*

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PENSION NUMBERS (cont'd)	2007	2008	2009
<p><b>Elective Deferrals for a 401(k) Plan or SARSEP</b> (Sec. 402(g)(1))</p> <p>The indicated figure is the maximum salary reduction that a participant can make under Sec. 402(g)(1). *This amount will be indexed when applicable.</p>	\$15,500	\$15,500	\$16,500*
<p><b>401(k) Catch-up Provision</b> (Sec. 414(v)(2)(B)(i))</p> <p>Individuals aged 50 and older by the end of the year would be allowed to make annual catch-up contributions to a 401(k) plan. The catch up for 2009 is a \$5,500 increase over the traditional 401(k) amounts. The list represents the <b>total</b> amount of salary deferral possible for this cohort. *Inflation adjustments may be made in \$500 increments when applicable.</p>	\$20,500	\$20,500	\$22,000*
<p><b>Elective Deferrals for a 403(b) Plan</b> (Sec. 403(b) and Sec. 402(g)(1))</p> <p>The indicated figure is the maximum salary reduction that a participant can make under a 403(b) plan. *This amount will be indexed when applicable.</p>	\$15,500	\$15,500	\$16,500*
<p><b>403(b) Supplemental Catch-up Provision</b> (Sec. 414(v)(2)(B)(i))</p> <p>In 2009, in addition to the catch-up provisions now available for 403(b) plans, an individual aged 50 or older by the end of the year would be allowed to make an annual supplemental catch-up contribution of \$5,500 to the 403(b) plan. The list represents the <b>total</b> amount of salary deferral possible for this cohort. *Inflation adjustments may be made in \$500 increments when applicable.</p>	\$20,500	\$20,500	\$22,000*
<p><b>Elective Deferrals for a SIMPLE</b> (Sec. 408(p)(2)(E))</p> <p>The figure is the maximum salary reduction that a participant can make under a SIMPLE or 401(k) SIMPLE. *Inflation adjustments may be made in \$500 increments.</p>	\$10,500	\$10,500	\$11,500*
<p><b>SIMPLE Catch-up Provision</b> (Sec. 414(v)(2)(B)(ii))</p> <p>Individuals aged 50 and older by the end of the year would be allowed to make annual catch-up contributions to a SIMPLE plan. The catch up for 2009 is a \$2,500 increase over the traditional SIMPLE amounts. The list represents the <b>total</b> amount of salary deferral possible for this cohort. *Inflation adjustments may be made in \$500 increments when applicable.</p>	\$13,000	\$13,000	\$14,000*
<p><b>Part-Time Employee Limitation for a SEP</b> (Sec. 408(k)(2)(C))</p> <p>Employees who earn over the indicated limits must be included in a SEP if they are otherwise eligible. *Inflation adjustments may be made in \$50 increments when applicable.</p>	\$500	\$500	\$550*
<p><b>457 Limitation</b> (Sec. 457(e)(15))</p> <p>Nonqualified plan for state and local government and tax-exempt organizations. *Inflation adjustments will be made in \$500 increments when applicable. <i>Note: The limit is twice the otherwise applicable dollar limit in the three years prior to retirement.</i></p>	\$15,500	\$15,500	\$16,500*

**EDITOR'S VIEW**

PENSION NUMBERS (cont'd)	2007	2008	2009
<b>Deductible, Nondeductible, and Roth IRA Contribution Limits</b> <i>(Secs. 219(b)(1)(A) and 408(a)(1))</i>	\$4,000	\$5,000	\$5,000*
These are the limitations on how much can be contributed to the IRA. *Indexed for inflation in \$500 increments when applicable.			
<b>IRA Catch-up Provision for Individuals 50 or Older by Year End</b> <i>(Sec. 219(a)(5)(B))</i>	\$5,000	\$6,000	\$6,000
The amount that can be contributed for those 50 or older by year end. The catch up is \$1,000 in 2008 and subsequent years. The listed number is the total amount that can be contributed for this cohort. The catch-up limit of \$1,000 will not be adjusted for cost of living increases under current law.			
<b>Traditional IRA Phaseout Modified Adjusted Gross Income Limitations</b> <i>(Sec. 219(g)(3)(B))</i>			
Joint return floor	\$83,000	\$85,000	\$89,000*
Joint return ceiling	\$103,000	\$105,000	\$109,000*
Single/HOH floor	\$52,000	\$53,000	\$55,000*
Single/HOH ceiling	\$62,000	\$63,000	\$65,000*
Married-filing-separately floor	0	0	0
Married-filing-separately ceiling	\$10,000	\$10,000	\$10,000
Spouse (nonworking) coverage-only floor	\$156,000	\$159,000	\$166,000*
Spouse (nonworking) coverage-only ceiling	\$166,000	\$169,000	\$176,000*
*Indexed for inflation when applicable.			
<b>Roth IRA Modified Adjusted Gross Income Limits</b> <i>(Sec. 408A(c)(3)(C))</i>			
Joint return floor	\$156,000	\$159,000	\$166,000*
Joint return ceiling	\$166,000	\$169,000	\$176,000*
Single/HOH floor	\$99,000	\$101,000	\$105,000*
Single/HOH ceiling	\$114,000	\$116,000	\$120,000*
Roth conversion limit—The Roth conversion limit will be uncapped in 2010, and conversions in 2010 are subject to special tax treatment.	\$100,000	\$100,000	\$100,000
*Indexed for inflation when applicable.			
<b>PBGC Maximum Monthly Guaranteed Benefit</b>	\$4,125	\$4,312.50	\$4,500
<b>PBGC Flat Premium Rate</b>	\$31	\$33	\$34
<b>Other Important Pension Numbers</b>			
The income limit for the savers credit for 2009 is \$55,000 (was \$53,000 in 2008) for taxpayers who are married filing jointly. The limit for taxpayers filing as head of household is \$41,625 in 2009 (was \$39,750 in 2008). The limit for taxpayers filing as single and married filing separately is \$27,750 in 2009 (was \$26,500 in 2008). The savers tax credit is available to taxpayers below the threshold who contribute to a regular or Roth IRA, regular or Roth 401(k), regular or Roth 403(b) plan, 457 plan, SIMPLE or SARSEP. The credit percentage is:			
<b>Credit Percentage</b>	<b>MFJ</b>	<b>Single</b>	<b>Head of Household</b>
50%	0 - \$33,000	0 - \$16,500	0 - \$24,750
20%	\$33,000.01 - \$36,000	\$16,500.01 - \$18,000	\$24,750.01 - \$27,000
10%	\$36,000.01 - \$55,500	\$18,000.01 - \$27,750	\$27,000.01 - \$41,625

EDITOR'S VIEW

SOCIAL SECURITY NUMBERS		2007	2008	2009	2010
<b>Social Security Tax Rate (Employee—FICA)</b>		6.2%	6.2%	6.2%	Anticipated to remain constant
OASDI		1.45%	1.45%	1.45%	
Medicare					
This is the percentage at which both the individual and employer are taxed for Social Security purposes.					
<b>Social Security Tax Rate (Self-Employed—SECA)</b>		12.4%	12.4%	12.4%	Anticipated to remain constant
OASDI		2.9%	2.9%	2.9%	
Medicare					
This is the percentage at which a self-employed individual is taxed for Social Security purposes. An above-the-line deduction is available for 1/2 of SECA taxes.					
<b>Taxable Wage Base</b>		\$97,500	\$102,000	\$106,800	Increases adjusted according to wage levels
This is the maximum amount of covered earnings on which Social Security OASDI taxes are paid.					
<b>Medicare Wage Base</b>		Unlimited	Unlimited	Unlimited	Anticipated to remain unlimited
This is the maximum amount of coverage earnings on which Social Security hospital insurance taxes are paid.					
<b>Social Security Reduction for Postretirement Earnings (Under Full Retirement Age)</b>		\$12,960 (\$1,080/Mo.)	\$13,560 (\$1,130/Mo.)	\$14,106 (\$1,180/Mo.)	Indexed for inflation each year
If earnings exceed the stated limit, Social Security recipients will lose \$1 in Social Security benefits for every \$2 earned in excess of the limit.					
<b>Modified Test That Applies for the Year an Individual Reaches Full Retirement Age</b>		\$34,440 (\$2,870/Mo.)	\$36,120 (\$3,010/Mo.)	\$37,680 (\$3,140/Mo.)	Indexed for inflation each year
Applies only to earnings for months prior to attaining full retirement age. Signed into law as the Senior Citizen's Freedom to Work Act; \$1 reduction per \$3 over the limit.					
<b>Medicare: Part B Monthly Premium</b>		\$93.50	\$96.40	\$96.40	Cost of living adjusted
This is the amount of monthly premium that must be paid for coverage under Part B of Medicare. The monthly premium represents only about 25% of the costs of the benefits provided. In 2009 Medicare Part B enrollees with higher incomes (\$85,000 single, \$170,000 MFJ) will pay higher premiums based on the extent their income exceeds the threshold Part B premium. The premium could be \$134.90, \$192.70, \$250.50, or \$308.30; see below.					
<b>Medicare: Part B Monthly Premium Changes</b>					
Starting in 2007, changes instituted by the Medicare Modernization Act required those with higher incomes to pay a greater percentage of Medicare Part B costs. Before the change, Part B beneficiaries were responsible for premiums approximately equal to 25% of the total cost of the benefit. (The federal government pays the remaining 75%.) In order to bolster Medicare's sustainability, beneficiaries with incomes over specified thresholds will pay a monthly premium equal to 35, 50, 65, or 80% of the total cost, depending on their income level in 2009. Note 2009 is the first year that affected Part B enrollees will pay the full amount of the income-related premiums.					
2009 INDEXED NUMBERS			2008 INDEXED NUMBERS		
	2009 Income	Part B Monthly Premium	2008 Income	Part B Monthly Premium	
Single	\$85,000 or less	\$96.40	\$82,000 or less	\$96.40	
MFJ	\$170,000 or less		\$164,000 or less		
Single	Over \$85,000 up to \$107,000	\$134.90	Over \$82,000 up to \$102,000	\$122.20	
MFJ	Over \$170,000 up to \$214,000		Over \$164,000 up to \$204,000		
Single	Over \$107,000 up to \$160,000	\$192.70	Over \$102,000 up to \$153,000	\$160.90	
MFJ	Over \$214,000 up to \$320,000		Over \$204,000 up to \$306,000		
Single	Over \$160,000 up to \$213,000	\$250.50	Over \$153,000 up to \$205,000	\$199.70	
MFJ	Over \$320,000 up to \$426,000		Over \$306,000 up to \$410,000		
Single	Over \$213,000	\$308.30	Over \$205,000	\$238.40	
MFJ	Over \$426,000		Over \$410,000		

## EDITOR'S VIEW

SOCIAL SECURITY NUMBERS	2007	2008	2009	2010
<p><b>Medicare: Part A Monthly Premium</b> This is the amount of monthly premium for Medicare Part A hospital insurance for those retirees who are not eligible for this benefit without charge and have less than 30 quarters with coverage. People with 30-39 quarters of coverage pay \$244 in 2009.</p>	\$410	\$423	\$443	Cost of living adjusted
<p><b>Social Security Quarterly Earnings</b> The amount needed to be earned to receive a quarter of Social Security coverage. Forty quarters are needed for coverage under the system.</p>	\$1,000	\$1,050	\$1,090	Cost of living adjusted
<p><b>Social Security Benefits Cost-of-Living Increase</b> Amount that Social Security recipients' checks will increase based on CPI-W.</p>	3.3%	2.3%	5.8%	Cost of living adjusted
<p><b>Maximum Social Security Monthly Benefit</b> Annual Benefit Worker retiring at full retirement age (66 in 2009; family maximums may also apply).</p>	\$2,116 \$25,392	\$2,185 \$26,220	\$2,323 \$27,876	Cost of living adjusted
<p><b>Part A Deductible</b> Deductible is for the first 60 days in a benefit period.</p>	\$992	\$1,024	\$1,068	Cost of living adjusted
<p><b>Part A Coinsurance</b> From the 61st to the 90th day in each benefit period.</p>	\$248	\$256	\$267	Cost of living adjusted
<p><b>Part A Coinsurance</b> For the 60 lifetime reserve days.</p>	\$496	\$512	\$534	Cost of living adjusted
<p><b>Part A Skilled Nursing Facility</b> Per diem from the 21st to the 100th day.</p>	\$124	\$128	\$133.50	Cost of living adjusted
<p><b>PIA Formulas</b> For an individual who first becomes eligible for old-age insurance benefits or disability insurance benefits in 2009, or who dies in 2009 before becoming eligible for benefits, his or her PIA will be the sum of: (a) 90% of the first \$744 of his or her average indexed monthly earnings, plus (b) 32% of his or her average indexed monthly earnings over \$744 and through \$4,483, plus (c) 15% of his or her average indexed monthly earnings over \$4,483. The resulting amount is rounded to the next lower multiple of \$.10 if it is not already a multiple of \$.10.</p> <p>For the family of a worker who becomes age 62 or dies in 2009 before attaining age 62, the total amount of benefits payable will be computed so that it does not exceed: (a) 150% of the first \$950 of the worker's PIA, plus (b) 272% of the worker's PIA over \$950 through \$1,372, plus (c) 134% of the worker's PIA over \$1,372 through \$1,789, plus (d) 175% of the worker's PIA over \$1,789. The resulting amount is rounded to the next lower multiple of \$.10 if it is not already a multiple of \$.10.</p>				
<p><b>Other Important Social Security Numbers</b></p> <ul style="list-style-type: none"> <li>• The Medicare Part B deductible for 2009 is \$135 (\$135 in 2008 also).</li> <li>• The maximum Federal Supplemental Security Income (SSI) payment amount for 2009 is \$674 per month for an eligible individual or \$1,011 per month for an eligible couple.</li> <li>• The estimated average monthly Social Security benefits payable in January 2009 are \$1,153 for all retired workers (\$13,836 annually) and \$1,876 per couple (\$22,512 annually, both receiving benefits).</li> <li>• The monthly substantial gainful activity (SGA) for statutorily blind individuals for 2009 is \$1,640. For nonblind individuals the monthly SGA is \$980 in 2009. To be eligible for disability benefits under Social Security a person must be unable to engage in substantial gainful activity (SGA). A person earning more than the threshold amount is ordinarily considered to be engaged in SGA.</li> </ul>				