

1) The key limitation numbers for 2008 (and the old 2007 numbers) are:

	2007	2008
<i>Maximum annual benefit</i>	\$180,000	\$185,000
<i>Maximum annual contribution</i>	\$45,000	\$46,000
<i>Maximum 401(k) deferral</i>	\$15,500	\$15,500
<i>401(k) deferral catchup (over age 50)</i>	\$5,000	\$5,000
<i>Maximum SIMPLE deferral</i>	\$10,500	\$10,500
<i>SIMPLE catch-up (over age 50)</i>	\$2,500	\$2,500
<i>Maximum IRA contribution</i>	\$4,000	\$5,000
<i>IRA catch-up (over age 50)</i>	\$1,000	\$1,000
<i>Annual compensation limit</i>	\$225,000	\$230,000
<i>Social Security Wage Base</i>	\$97,500	\$102,000
<i>Medicare maximum</i>	Unlimited	Unlimited
<i>Comp. threshold for Highly Compensated Employees</i>	\$100,000	\$105,000
<i>Income (exclusion) threshold for SEPs</i>	\$500	\$500

2) Year-end reminders...

~ **Remember** to check the appropriate boxes on your W-2s for employees who are covered by your plans...this can sometimes get a bit tricky, especially for profit sharing plans which make contributions after the end of the year, so call if you're not sure.

~ **Remember**, when you get your 5500 tax return postcard from the DOL, you do **not** have to send it to us.

~If you'd like to see a trial allocation of a profit sharing contribution, or estimated required contributions to a pension plan, **call or e-mail or fax us** an estimated census (names, compensations, dates of termination if applicable).

~ **Please** be sure to include all employees on your year-end census (for calendar year plans, we mail out blank forms in early January). We like to know about all part-time employees, even if you think they'll never enter the plan. If you have "leased employees" or work with "independent contractors", these individuals may have to be covered, or at least considered in certain coverage and participation tests. (Although true independent contractors are not employees, we sometimes run across a client or prospective client who says they have no employees, but then the phone is answered by someone else. If that someone else is paid hourly and works in your office, he or she is most likely an employee in the eyes of the Employee Benefits Security Agency and the IRS.) **Please call** if you have any questions about this area.

~Employee deferrals (401(k) contributions) must be deposited as soon as they can reasonably be segregated from your business assets, but not later than the 15th business day of the month following the deferral. The "*15th business day*" is not a safe harbor; **you must do this as soon as possible!** The safest course is to send in your deposits after **each** payroll.

~Employee deferrals (401(k) contributions) should generally be withheld from **all** pay (including bonuses). (For instance, if a participant has elected a 10% withholding rate, you should withhold 10% of bonuses as well as regular pay.) We have a handful of plans where this does not apply, so check with us if you're not sure.

~You should have a signed form on file for eligible participants who are not deferring to a 401(k) plan. We're getting hints that the IRS might think **you** should make contributions **for them** if they haven't properly elected not to contribute (!)

~In general, you **MUST** maintain a fidelity bond for the greater of 10% of plan assets or 100% of the assets that are not "Qualifying Plan Assets" (generally, "Qualifying Plan Assets" are assets held at a financial institution, and plan loans). Most of our clients' assets are "Qualifying Plan Assets", but you must nevertheless make sure that you maintain the appropriate bond! We look at this each year, but the minimum bond is supposed to be in place at the **beginning** of the year, and we might not recognize a deficiency until we do the review during the (next) year.

3) Terminated participants

Terminated participants are paid according to the terms of your plan document - in most cases, after the end of the plan year in which they terminate, or later. It's a good idea to remind these people, when they leave, that they have plan benefits and should keep you posted as to their whereabouts. (I know, they're the last ones you want to keep in touch with, but it saves some problems down the road. And no, you can't just hope they disappear and use their money for other participants!) We often have problems finding these "lost" participants, and as always, an ounce of prevention is worth a pound of cure.

4) 1099-R reporting

We're pleased to report that we're outsourcing 1099-R reporting (for distributions) for electronic filing this year (again). This means you don't have to mail the participant copies or the IRS copies; we'll just send you copies for your files and you're done! (However, if there was withholding during the year, you still have to file Form 945, which reconciles the deposits made during the year. We will prepare this form for you.)

This was a busy year for legislative and regulatory issues. Please see the enclosed supplemental update (yellow) for a recap.

Check out our new website at www.mrpplansinc.com. It includes contribution limits, a newsletter archive, participant account links, and more!

Best wishes for a happy and healthy holiday season!

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