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The Pension Digest

ALSO IN THIS ISSUE –

Collin W. Fritz and Associates, Inc.,
"The Pension Specialists"

IRA Limits for 2009 & 2010

The maximum IRA contribution limits for 2009 and 2010 remain at $5,000 (under age 50) and $6,000 (age 50 or older). For the second straight year, the formula to the base contribution amount of $5,000 has not resulted in an increase. An adjustment to the base amount is made only if it results in an increase of $500, $1,000, $1,500, etc. The standard contribution amount is still $5,000 for those individuals who do not attain age 50 by December 31, 2010. A catch-up contribution of $1,000 is authorized for those individuals who attain at least age 50 by December 31, 2010. We will have to wait until next year to see if the maximum permissible contributions for 2011 will be $5,500 and $6,500.

Contribution limits for a person who is not age 50 or older.

Tax Year	Amount
2009	$5,000
2010	$5,000

Contribution Limits for a person who is age 50 or older.

Tax Year	Amount
2009	$6,000
2010	$6,000

IRS Issues 2010 COLAs

IRS Announces Cost-of-Living Adjustments for 2010
The IRS in News Release No. IR-2009-94 Released its 2010 Adjustments as Follows:

	2008	2009	2010
Taxable Wage Base — OASDI Only	$102,000	$106,800	$106,800
SEP and Qualified Plan Maximum Compensation Cap – 401(a)(17) & 404(e)	$230,000	$245,000	$245,000
Elective (Salary) Deferral Limit – 401(k) & SAR-SEP	$15,500	$16,500	$16,500
Elective Deferral Catch-up Limit	$5,000	$5,500	$5,500
SIMPLE Deferral Limit – 408(p)(2)(A)	$10,500	$11,500	$11,500
SIMPLE Catch-up Limit	$2,500	$2,500	$2,500
Highly-Compensated Employees (Compensation as Indexed)	$105,000	$110,000	$110,000
Defined Benefit Limit – Section 415(b)(1)(A)	$185,000	$195,000	$195,000
Defined Contribution Limit – Section 415(c)(1)(A)	$46,000	$49,000	$49,000
SEP Minimum Compensation Threshold – 408(k)(2)(c)	$500	$550	$550
Key Employee Top Heavy — 41(i)(ii)(a)(i)	$150,000	$160,000	$160,000
Compensation for SIMPLE Eligibility	$5,000	$5,500	$5,500

Review of IRA Contributions — Eligibility Rules

We at CWF sent the following response to an IRA custodian who had asked about a certain customer's eligibility to make IRA contributions for 2009. Most people are eligible to make traditional IRA contributions. More people should be making traditional IRA contributions even though they participate in a 401(k) plan.

You have a customer who is considering making an IRA contribution for 2009. His annual income is approximately $66,000. He is unmarried. He is age 56.

This individual is eligible to make his standard IRA contribution $5,000 and his catch-up contribution (if age 50 or older during 2009) of $1,000 regardless of whether he participates in a 401(k) plan.

A person who has compensation for the current year (i.e. 2009) and who will not attain age 70½ or older as of 12-31-09 is eligible to make a traditional IRA contribution. High income or being wealthy does not make a person ineligible to make a traditional IRA contribution. Being in a 401(k) plan does not affect how much he is eligible to contribute to his traditional IRA or Roth IRA. Being an active participant in a 401(k) plan may impact whether or not an individual may claim a tax deduction for his or her traditional IRA contribution.

Contributions to a traditional IRA will either be deductible or nondeductible. Both of these types of contributions can be made to the same traditional IRA. It is his or her accountant's job to track any nondeductible contributions (i.e. basis).

Being in a 401(k) impacts whether or not he is eligible to claim a tax deduction for his traditional IRA contribution. If his 2009 MAGI is too high, he loses the ability to claim a tax deduction for some or all of his contribution. However, if his MAGI (more than just wages) is below a certain level ($55,000 if filing "single" and $167,000 if filing married/joint) then he is able to deduct 100% of his traditional IRA contribution. It appears he will be able to deduct his full traditional IRA contribution.

The above discussion is based on the assumption he is making a traditional IRA contribution.

If he wanted to make a Roth IRA contribution, he could do so since he meets the two eligibility rules. He has Roth "IRA" compensation and his MAGI does not exceed the limits set forth in the following chart:

MAGI EFFECT ON ROTH IRA CONTRIBUTIONS

		2009	2010	%
Single, Head of Household	Less than	$105,000	$105,000	100%
	Between			Prorated
	More than	$120,000	$120,000	0%
Married Filing Jointly or Qualifying Widow(er)	Less than	$166,000	$167,000	100%
	Between			Prorated
	More than	$176,000	$177,000	0%
Married Filing Separately	Less than	$0	$0	100%
	Between			Prorated
	More than	$10,000	$10,000	0%

Note that being in a 401(k) plan does not affect his ability to make a contribution to his Roth IRA. Even if he had been age 75, he would have also been eligible to make a Roth IRA contribution as there is no age 70½ rule for Roth IRA contributions. ◆

Is an RMD Due for 2010?

Alice was born on July 1, 1939. Does she have a required minimum distribution (RMD) for 2009?

No. An IRA accountholder must take an RMD for the year she attains age 70½. Alice attains age 70½ on January 1, 2010. She does not attain age 70½ in 2009. She will be required to take an RMD for 2010. Her deadline will be April 1, 2011, since that is her required beginning date (i.e. the April 1 for the year after one attains age 70½).

If Alice had been born on June 30, 1939, she would have attained age 70½ on December 30, 2009, and there would be an RMD due for 2009. ◆

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IRA Contribution Deductibility Chart for 2009

(for participants and/or spouses in employer-sponsored retirement plans.)

Amount of Modified AGI - (Combined modified AGI if married)

Single

Below $55,001	Entitled to full deduction
$55,001-$64,999.99	Entitled to prorated deduction amount - use special formula**
$65,000 or over	No deduction permissible

**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $55,000/$10,000. This will give you a ratio that determines the amount you cannot deduct.*

Married - joint return, both are covered

Below $89,001	Entitled to full deduction
$89,001 - $108,999.99	Entitled to prorated deduction amount - use special formula**
$109,000 or Over	No deduction permissible

**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $89,000/$20,000. This will give you a ratio that determines the amount you cannot deduct.*

Married - joint return, but only you are covered

Below $89,001	Fully Deductible
$89,001-$108,999.99	Entitled to prorated deduction amount - use special formula**
$109,000 or over	No deduction permissible

**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $89,000/$20,000. This will give you a ratio that determines the amount you cannot deduct.*

Married - joint return, but only your spouse is covered

Below $166,001	Fully Deductible
$166,001-$175,999.99	Entitled to prorated deduction amount - use special formula**
$175,000 or over	No deduction permissible

**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $166,000/$10,000. This will give you a ratio that determines the amount you cannot deduct.*

Married Filing Separately

Below $10,000	Entitled to prorated deduction amount - use special formula**
$10,000 or Over	No deduction permissible

**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $0/$10,000. This will give you a ratio that determines the amount you cannot deduct.*

*Any amount determined under this formula which is not a multiple of $10 shall be rounded to the next lowest $10.

However, an IRA accountholder will be able to deduct a minimum of $200 as long as his or her AGI is not above the phase-out range (base amount plus $10,000).

IRA Contribution Deductibility Chart for 2010

(for participants and/or spouses in employer-sponsored retirement plans.)

Amount of Modified AGI - (Combined modified AGI if married)

Single

Below $55,001	Entitled to full deduction
$55,001-$64,999.99	Entitled to prorated deduction amount - use special formula**
$65,000 or over	No deduction permissible

**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $55,000/$10,000. This will give you a ratio that determines the amount you cannot deduct.*

Married - joint return, both are covered

Below $89,001	Entitled to full deduction
$89,001 - $108,999.99	Entitled to prorated deduction amount - use special formula**
$109,000 or Over	No deduction permissible

**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $89,000/$20,000. This will give you a ratio that determines the amount you cannot deduct.*

Married - joint return, but only you are covered

Below $89,001	Fully Deductible
$89,001-$108,999.99	Entitled to prorated deduction amount - use special formula**
$109,000 or over	No deduction permissible

**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $89,000/$20,000. This will give you a ratio that determines the amount you cannot deduct.*

Married - joint return, but only your spouse is covered

Below $167,001	Fully Deductible
$167,001-$176,999.99	Entitled to prorated deduction amount - use special formula**
$177,000 or over	No deduction permissible

**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $166,000/$10,000. This will give you a ratio that determines the amount you cannot deduct.*

Married Filing Separately

Below $10,000	Entitled to prorated deduction amount - use special formula**
$10,000 or Over	No deduction permissible

**Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $0/$10,000. This will give you a ratio that determines the amount you cannot deduct.*

*Any amount determined under this formula which is not a multiple of $10 shall be rounded to the next lowest $10.

However, an IRA accountholder will be able to deduct a minimum of $200 as long as his or her AGI is not above the phase-out range (base amount plus $10,000).

Roth IRA Contribution Chart for 2009

Amount of AGI and Filing Status

Single, Head of Household or Qualifying Widow(er)

Below $105,000	Entitled to full contribution amount
$105,000-$119,999	Entitled to prorated contribution amount–use special formula*
$120,000 or over	No contribution permissible

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $105,000/$15,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest $10.00.

Married Filing Jointly

Below $166,000	Entitled to full contribution amount.
$166,000-175,999	Entitled to prorated contribution amount–use special formula.*
$176,000 or over	No contribution permissible.

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $166,000/$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest $10.00.

Married Filing Separate Returns

$0-$9,999	Entitled to prorated contribution amount–use special formula*
$10,000 or Over	No contribution permissible

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $0/$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest $10.00.

Roth IRA Contribution Chart for 2010

Amount of AGI and Filing Status

Single, Head of Household or Qualifying Widow(er)

Below $105,000	Entitled to full contribution amount
$105,000-$119,999	Entitled to prorated contribution amount–use special formula*
$120,000 or over	No contribution permissible

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $105,000/$15,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest $10.00.

Married Filing Jointly

Below $167,000	Entitled to full contribution amount.
$166,000-176,999	Entitled to prorated contribution amount–use special formula.*
$177,000 or over	No contribution permissible.

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $166,000/$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest $10.00.

Married Filing Separate Returns

$0-$9,999	Entitled to prorated contribution amount–use special formula*
$10,000 or Over	No contribution permissible

*Explanation of special formula. Multiply the permissible contribution by the following ratio: amount of adjusted gross income in excess of $0/$10,000. This will give you a ratio that determines the amount you cannot contribute. Round to the lowest $10.00.

Saver's Credit Limits for 2009

The applicable percentage for 2009 is based on modified adjusted gross income (AGI) and your tax-filing status, and is determined by the following table:

Joint Return

AGI Over	AGI Not Over	Percentage
$0	$33,000	50%
$33,000	$36,000	20%
$36,000	$55,500	10%
$55,500	N/A	0%

Head of Household

AGI Over	AGI Not Over	Percentage
$0	$24,750	50%
$24,750	$27,000	20%
$27,000	$41,625	10%
$41,625	N/A	0%

Other Filers Including Married, Filing Separately

AGI Over	AGI Not Over	Percentage
$0	$16,500	50%
$16,500	$18,000	20%
$18,000	$27,750	10%
$27,750	N/A	0%

Saver's Credit Limits for 2010

The applicable percentage for 2010 is based on modified adjusted gross income (AGI) and your tax-filing status, and is determined by the following table:

Joint Return

AGI Over	AGI Not Over	Percentage
$0	$33,500	50%
$33,500	$36,000	20%
$36,000	$55,500	10%
$55,500	N/A	0%

Head of Household

AGI Over	AGI Not Over	Percentage
$0	$25,125	50%
$25,125	$27,000	20%
$27,000	$41,625	10%
$41,625	N/A	0%

Other Filers Including Married, Filing Separately

AGI Over	AGI Not Over	Percentage
$0	$16,750	50%
$16,750	$18,000	20%
$18,000	$27,750	10%
$27,750	N/A	0%

SEP and SIMPLE Limits

	2009	2010
Maximum SEP Contribution	$49,000	$49,000
Maximum SIMPLE Deferral (Under age 50)	$11,500	$11,500
Maximum SIMPLE Deferral (Under Age 50 & older)	$14,000	$14,000

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Guidelines for Roth IRA Contributions

(IRS Tax Tip 2007-25)

Taxpayers confused about whether they can contribute to a Roth IRA should consider guidelines based on the following categories:

• **Income limits.** To contribute to a Roth IRA, you must have compensation (e.g., wages, salary, tips, professional fees, bonuses). These limits vary depending on your filing and marital status.

• **Age.** There is no age limitation for Roth IRA contributions.

• **Contribution limits.** In general, if your only IRA is a Roth IRA, the maximum 2006 contribution limit is the lesser of your taxable compensation, or $4,000 ($5,000 if 50 or older). The maximum contribution limit phases out depending on your modified adjusted gross income.

• **Spousal Roth IRA.** You can make contributions to a Roth IRA for your spouse, provided you meet the income requirements.

• **Time.** Contributions to a Roth IRA can be made at any time during the year or by the due date of your tax return for that year (not including extensions).

Roth IRA contributions are not tax deductible and are not reported on your tax return. On the other hand, you do not include in your gross income, and therefore are not taxed on, any qualified distributions or distributions that are a return of your regular Roth IRA contributions or that are rolled over into another Roth IRA.

For complete information and definitions of terms, get Publication 590, Individual Retirement Arrangements. Visit the IRS web site at IRS.gov, or call 800-TAX-FORM (800-829-3676) to request a free copy of the publication. ◆

Marketing Roth IRAs to Individual's Over Age 70½

Financial institutions may be overlooking individuals aged 70½ and older as a group to target for Roth IRA marketing. Such individuals may well be attempting, at this time in their lives, to accumulate wealth to be left to their heirs. Many individuals this age are both still working and collecting Social Security, and have dollars to invest.

As you are aware, after attaining age 70½, an individual is no longer eligible to contribute to a traditional IRA. An excellent way for these individuals to invest is to establish and fund a Roth IRA, where the earnings are allowed to grow tax free. Neither the earnings nor basis in a Roth IRA will be taxed upon distribution, if the distribution is qualified.

For 2009 and 2010, individuals aged 70½ and older are allowed to contribute the lesser of their compensation or $6,000 to a Roth IRA. Financial institutions who are not targeting this age group may be missing a considerable number of long-term Roth IRA deposits.

Example #1: Ed, age 74, and Susan, 67, are married. Susan is still working, and made $28,000 in 2009; Ed is retired, with no reportable compensation. How much can Ed and Susan contribute to their Roth IRAs for 2009? Because they are older than age 50, and had income in excess of $12,000, each can contribute the full amount of $6,000 for 2009 (a total of $12,000). Ed can make a spousal contribution based upon Susan's income. (Susan is eligible for a traditional IRA contribution and/or a Roth IRA contribution.)

Example #2: Same scenario as Example #1, except Susan makes $8,000 in 2009. In this case, how much can they contribute to their Roth IRAs? Again, because they are older than age 50, each can contribute the lesser of their compensation or $6,000. However, because their compensation is only $8,000, that is the total amount they may contribute to their Roth IRAs. If Susan would contribute the maximum of $6,000 to her Roth IRA, Ed would only be able to contribute the remainder ($2,000) to his Roth IRA. They could split the allowed $8,000 contribution any way they choose, as long as the $6,000 maximum is not exceeded.

However, their Roth contributions cannot exceed their income for the year. If, by mistake, they each

Continued on page 6

Marketing Roth IRAs,
Continued from page 5

contributed $6,000 to their Roth IRA, there would be an excess contribution problem. CWF believes the excess would be deemed to arise in the Roth IRA of the spouse who had the least compensation, which would be Ed's Roth IRA.

Summary. Roth IRAs are a great wealth-planning tool, with the bonus of tax-free distributions when qualified distributions are made. People are living longer, and are always seeking ways to accumulate wealth and yet avoid taxation. Individuals who are no longer eligible to make a traditional IRA contribution are a great group for a financial institution to target for marketing Roth IRAs.

For your information, CWF has brochures and statement stuffers available to explain Roth IRAs to your customers. ◆

Consulting Call – Excess Roth IRA Contributions Situation

Sometimes individuals forget they must have "compensation" in order to be eligible to make a regular Roth IRA contribution. Peter Smith had made Roth IRA contributions for 2007, 2008 and 2009. He had contributed $4,000 for each year even though he was over age 70. He was ineligible to make these Roth IRA contributions since he did not have the required compensation.

He has made excess contributions for three tax years. 2009 is still a current tax year. 2007 and 2008 are prior tax years.

With respect to 2009, he would need to withdraw the $4,000 plus the related income. The gross amount would be reported in box 1, the income would be reported in box 2a , and a reason code J8 in box 7. Note that even though Peter is well over the age of 59½, the IRS requires the use of Code J rather than Code T in box 7.

With respect to 2007 and 2008, Peter will owe the 6% excise for each prior tax year in which he had outstanding excess amounts. He will owe $240 ($4,000 x 6%) for 2007 and he will owe $480 for 2008 (($4,000 + $4,000)x 6%). As long as he withdraws the $8,000 by December 31, 2009, he will not owe the 6% tax for 2009.

The IRS reporting rules for withdrawing excess Roth IRA contributions after the due date of a specific tax year are unclear. As with the withdrawal of excess traditional IRA contributions after the due date of a tax return, there is no requirement to withdraw the income related to the withdrawal of an excess Roth IRA contribution after the due date. As a practical matter, Peter would only be withdrawing his own contributions (i.e. basis) and so no portion of the distribution would be includable in income and taxable.

We believe the second Form 1099-R for the excess amount withdrawn after the due date would show the gross amount in box 1, box 2a would be left blank, box 2b would be checked and box 7 would have the reason code "T".

Note that there would be two Form 1099-R's prepared as there are two different reasons code.

A 2009 Form 1099-R is set forth on the next page. ◆

An HSA's Payment of Long-Term Care Premiums May Qualify for Tax-Free Treatment

The premiums for long-term care coverage that a person can treat as qualified medical expenses are subject to limits based on age and are adjusted annually.

See the 2009 chart below as found in instructions for schedule A (Form 1040). ◆

IF the person was, at the end of 2009, age…	THEN the most you can deduct is…
40 or under	$320
41-50	$600
51-60	$1,190
61-70	$3,180
71 or older	$3,980

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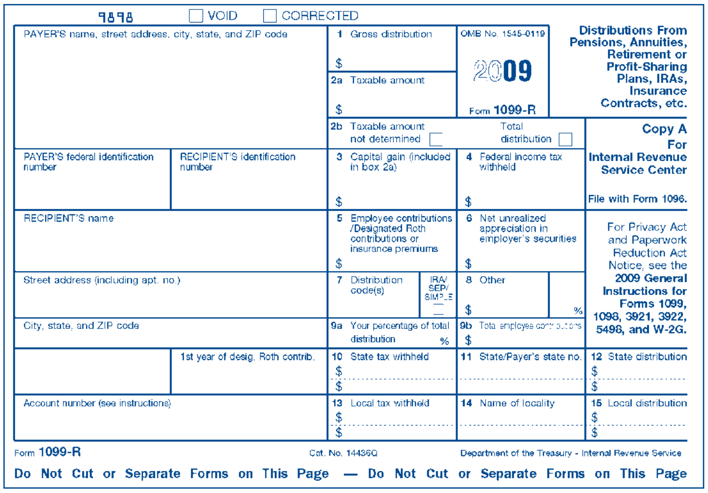
9898 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city, state, and ZIP code

1 Gross distribution $
2a Taxable amount $
2b Taxable amount not determined ☐ Total distribution ☐

OMB No. 1545-0119
2009
Form 1099-R

Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

Copy A For Internal Revenue Service Center
File with Form 1096.

PAYER'S federal identification number | RECIPIENT'S identification number
3 Capital gain (included in box 2a) $
4 Federal income tax withheld $

RECIPIENT'S name
5 Employee contributions /Designated Roth contributions or insurance premiums $
6 Net unrealized appreciation in employer's securities $

For Privacy Act and Paperwork Reduction Act Notice, see the 2009 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G.

Street address (including apt. no.)
7 Distribution code(s) | IRA/SEP/SIMPLE
8 Other $ %

City, state, and ZIP code
9a Your percentage of total distribution %
9b Total employee contributions $

1st year of desig. Roth contrib.
10 State tax withheld $ $
11 State/Payer's state no.
12 State distribution $ $

Account number (see instructions)
13 Local tax withheld $ $
14 Name of locality
15 Local distribution $ $

Form 1099-R Cat. No. 14436Q Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

Full Retirement Age—SSA

Year of Birth	Full Retirement Age
1937 or earlier	**65**
1938	**65 and 2 months**
1939	**65 and 4 months**
1940	**65 and 6 months**
1941	**65 and 8 months**
1942	**65 and 10 months**
1943-1954	**66**
1955	**66 and 2 months**
1956	**66 and 4 months**
1957	**66 and 6 months**
1958	**66 and 8 months**
1959	**66 and 10 months**
1960 and later	**67**

Other Important 2010 Social Security Information

Maximum Social Security Benefit: Worker Retirement at Full Retirement Age in	**2009**	**2010**
Note: For retirees born in 1944, full retirement age is 66 and 0 months.	$2,323/mo.	$2,323/mo.

Estimated Average Monthly Social Security Benefits Payable in January 2010:	**After 5.8% COLA**	**After 0.0% COLA**
All Retired Workers	$1,153	$1,153
Aged Couple, Both Receiving Benefits	$1,876	$1,876
Widowed Mother and Two Children	$2,399	$2,399
Aged Widow(er) Alone	$1,112	$1,112
Disabled Worker, Spouse and One or More Children	$1,793	$1,793
All Disabled Workers	$1,064	$1,064

Retirement Earnings Test Exempt Amounts:	**2009**	**2010**
Under full retirement age NOTE: One dollar in benefits will be withheld for every $2 in earnings above the limit	$14,160/yr ($1,180/mo)	$14,160/yr ($1,180/mo)
The year an individual reaches full retirement age NOTE: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every $3 in earnings above the limit.	$37,680/yr ($3,140/mo)	$37,680/yr ($3,140/mo)

There is no limit on earnings beginning the month an individual attains full retirement age (66 and 0 months for retirees born in 1943.

PLAN LIMITS FOR 2010

Code Section	2010	2009	2008	2007	2006	2005	2004	2003
401(a)(17)/404(I) Annual Compensation	$ 245,000	$ 245,000	$ 230,000	$ 225,000	$ 220,000	$ 210,000	$ 205,000	$ 200,000
415(c)(1)(A) Maximum Contribution Limits	$ 49,000	$ 49,000	$ 46,000	$ 45,000	$ 44,000	$ 42,000	$ 41,000	$ 40,000
408(k)(3)(C) SEP Maximum Compensation	$ 245,000	$ 245,000	$ 230,000	$ 225,000	$ 220,000	$ 210,000	$ 205,000	$ 200,000
408(k)(2)(C) SEP Minimum Compensation	$ 550	$ 550	$ 500	$ 500	$ 450	$ 450	$ 450	$ 450
402(g)(1) Elective Deferrals - 401(k)	$ 15,500	$ 15,500	$ 15,500	$ 15,500	$ 15,000	$ 14,000	$ 13,000	$ 12,000
457(e)(15) Deferrals Limits - 457 plans	$ 15,500	$ 15,500	$ 15,500	$ 15,500	$ 15,000	$ 14,000	$ 13,000	$ 12,000
408(p)(2)(E) Deferrals Limits - SIMPLE	$ 11,500	$ 11,500	$ 10,500	$ 10,500	$ 10,000	$ 10,000	$ 9,000	$ 8,000
414(v)(2)(B)(i) Catchup Contributions - 401(k)	$ 5,500	$ 5,500	$ 5,000	$ 5,000	$ 5,000	$ 4,000	$ 3,000	$ 2,000
414(v)(2)(B)(ii) Catchup Contributions - SIMPLE	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,500	$ 2,000	$ 1,500	$ 1,000
416(i)(1)(A)(i) Key EE	$ 160,000	$ 160,000	$ 150,000	$ 145,000	$ 140,000	$ 135,000	$ 130,000	$ 130,000
1.61-21(f)(5)(i) Control EE	$ 95,000	$ 95,000	$ 90,000	$ 90,000	$ 85,000	$ 85,000	$ 80,000	$ 80,000
1.61-21(f)(5)(iii) Control EE	$ 195,000	$ 195,000	$ 185,000	$ 180,000	$ 175,000	$ 170,000	$ 165,000	$ 160,000
409(o)(1)(C)(ii) ESOP Limits	$ 985,000 $ 195,000	$ 985,000 $ 195,000	$ 935,000 $ 185,000	$ 915,000 $ 180,000	$ 885,000 $ 175,000	$ 850,000 $ 170,000	$ 830,000 $ 165,000	$ 810,000 $ 160,000
414(q)(1)(B) HCE Threshold	$ 110,000	$ 110,000	$ 105,000	$ 100,000	$ 100,000	$ 95,000	$ 90,000	$ 90,000
415(b)(1)(A) DB Limits	$ 195,000	$ 195,000	$ 185,000	$ 180,000	$ 175,000	$ 170,000	$ 165,000	$ 160,000
Taxable Wage Base (TWB)	$ 106,800	$ 106,800	$ 102,000	$ 97,500	$ 94,200	$ 90,000	$ 87,900	$ 87,000

How Many 5498s Must an Institution Prepare for an Accountholder?

Specific Instructions for Form 5498

File Form 5498 IRA Contribution Information, with the IRS by June 1, 2010 for each person for whom in 2009 you maintained any individual retirement arrangement (IRA), including a deemed IRA under section 408(q).

An IRA includes all investments under one IRA plan. It is not necessary to file a Form 5498 for each investment under one plan. For example, if a participant has three certificates of deposit (CDs) under one IRA plan, only one Form 5498 is required for all contributions and the fair market values (FMVs) of the CDs under the plan. **However, if an individual has established more than one IRA plan with the same trustee, a separate From 5498 must be filed for each plan.** (emphasis added).

Obviously a Roth IRA, traditional IRA and SIMPLE-IRA have separate plan agreements, and therefore cannot be combined onto one 5498. Your institution will want to be certain your software provider is preparing all governmental reporting correctly. You need to be aware that IRS penalties can be assessed for incorrect reporting. The penalty is $50 per incorrect 5498. ◆