



Cost Of Living Adjustments for Employee Benefits Plans for 2010

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The Internal Revenue Service has announced the “adjusted” numbers that will apply to various limits on contributions to and benefits under retirement plans. These adjusted figures apply generally to employee benefit plans for “plan years” beginning in 2010. Some of the adjusted amounts, however, apply to calendar year 2010.

The adjusted numbers are as follows:

1. The limit on an employee’s contributions made during the 2010 calendar year to a 401(k) or a 403(b) tax-sheltered annuity remains at \$16,500. Participants who attain age 50 in the 2010 plan year may make an additional \$5,500 “catch-up” contribution.
2. The limit on an employee’s contributions made during the 2010 calendar year to a 457 plan sponsored by a governmental unit or a tax-exempt organization remains at \$16,500. Participants who attain age 50 in the 2010 plan year may make an additional \$5,500 “catch-up” contribution.
3. The limit on an employee’s compensation that may be considered for retirement plan purposes remains at \$245,000 for plan years beginning in 2010.
4. The limit on annual benefits payable under “defined benefit” plans remains at \$195,000 for plan years beginning in 2010.
5. The limit on allocations to individual accounts in “defined contribution” plans remains at the smaller of \$49,000 or 100% of compensation for plan years beginning in 2010.
6. The taxable wage base for OASDI purposes under the Social Security laws remains the same at \$106,800. This figure may affect the “integration level” for plans that are integrated with Social Security.
7. Employees will be “highly compensated employees” for the plan year beginning in 2010 if their compensation in the 2009 plan year exceeded \$110,000.
8. Health savings accounts (HSAs) are a means of paying health care expenses under a “high deductible health care plan.” To be a high deductible health care plan, the deductible must be at least the minimum deductible amount for the year and out-of-pocket expenses cannot exceed the maximum out-of-pocket amount for the year. Contributions to an HSA may be made by the employer or the employee, but the total annual contribution amount from both sources cannot exceed the smaller of:
 - plan’s deductible for the year; or
 - the maximum contribution amount for the year.For 2010, the adjusted amounts for HSAs are:
 - Maximum contribution:
Family: \$6,150 Self: \$3,050
 - Minimum deductible:
Family: \$2,400 Self: \$1,200
 - Maximum out of pocket:
Family: \$11,900 Self: \$5,950Participants who attain age 55 by the end of the 2010 plan year may make an additional \$1,000 “catch-up” contribution to their HSAs.
9. The maximum amounts that Social Security recipients may earn during 2010 without loss of Social Security benefits are as follows:
 - Recipients ages 62 through full retirement age: \$1,180/mo. (\$14,160/yr.)

- Year recipient reaches age full retirement age: \$3,140/mo. up to the month the recipient reaches full retirement age.
- There is no limit on earnings beginning with the month the recipient reaches full retirement age.

“Full retirement age” for Social Security is:

YEAR OF BIRTH	FULL RETIREMENT AGE
Prior to 1938	Age 65
1938	Age 65 & 2 months
1939	Age 65 & 4 months
1940	Age 65 & 6 months
1941	Age 65 & 8 months
1942	Age 65 & 10 months
1943-1954	Age 66

We hope this information will help you with your financial planning for 2010. We will be happy to assist you with questions concerning employee benefit plans.