

COLA Increases

Code Section	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995
401(a)(17)/404(i) annual compensation	245,000	245,000	230,000	\$225,000	\$220,000	\$210,000	\$205,000	\$200,000	\$200,000	\$170,000	\$170,000	\$160,000	\$160,000	\$160,000	\$150,000	\$150,000
402(g)(1) Elective Deferrals	16,500	16,500	15,500	15,500	15,000	14,000	13,000	12,000	11,000	10,500	10,500	10,000	10,000	9,500	9,500	9,240
408(k)(2)(C) SEP minimum compensation	550	550	500	500	450	450	450	450	450	450	450	400	400	400	400	400
408(k)(3)(C) SEP maximum compensation	245,000	245,000	230,000	225,000	220,000	210,000	205,000	200,000	200,000	170,000	170,000	160,000	160,000	160,000	150,000	150,000
408(p)(2)(E) SIMPLE Maximum Contributions	11,500	11,500	10,500	10,500	10,000	10,000	9,000	8,000	7,000	6,500	6,000	6,000	6,000	6,000	----	----
409(o)(1)(C) ESOP limits	985,000	985,000	935,000	915,000	885,000	850,000	830,000	810,000	800,000	780,000	755,000	735,000	725,000	710,000	690,000	670,000
	195,000	195,000	185,000	180,000	175,000	170,000	165,000	160,000	160,000	155,000	150,000	145,000	145,000	140,000	135,000	132,000
414(a)(1)(B) HCE threshold	110,000	110,000	105,000	100,000	100,000	95,000	90,000	90,000	90,000	85,000	85,000	80,000	80,000	80,000	100,000	100,000
414(a)(1)(C)	----	---	---	----	----	----	----	----	----	----	----	----	----	Repealed	66,000	66,000
414(v)(2)(B)(i) Catchup Contrib	5,500	5,500	5,000	5,000	5,000	4,000	3,000	2,000	1,000	----	----	----	----	----	----	----
414(v)(2)(B)(ii) Catchup Contrib	2,500	2,500	2,500	2,500	2,500	2,000	1,500	1,000	500	----	----	----	----	----	----	----
415(b)(1)(A) DB Limits	195,000	195,000	185,000	180,000	175,000	170,000	165,000	160,000	160,000	140,000	135,000	130,000	130,000	125,000	120,000	120,000
415(b)(2)(G) DB Limits	---	---	---	----	----	----	----	----	----	----	----	----	----	Repealed	66,000	66,000
415(c)(1)(A) DC Limits	49,000	49,000	46,000	45,000	44,000	42,000	41,000	40,000	40,000	35,000	30,000	30,000	30,000	30,000	30,000	30,000
416(i)(1)(A)(i) Key EE	160,000	160,000	150,000	145,000	140,000	135,000	130,000	130,000	130,000	----	----	----	----	----	----	----
457(e)(15) deferral limit	16,500	16,500	15,500	15,500	15,000	14,000	13,000	12,000	11,000	8,500	8,000	8,000	8,000	7,500	----	----
4980A(c)(1) excess distributions	---	---	---	----	----	----	----	----	----	----	----	----	Repealed	160,000	155,000	150,000
1.61-21(f)(5)(i) Control EE	95,000	95,000	90,000	90,000	85,000	85,000	80,000	80,000	80,000	75,000	75,000	70,000	----	----	----	----
1.61-21(f)(5)(iii) Control EE	195,000	195,000	185,000	180,000	175,000	170,000	165,000	160,000	160,000	155,000	150,000	145,000	----	----	----	----
219(b)(5)(A) IRA Contribution Limit	5,000	5,000	5,000	4,000	4,000	4,000	3,000	3,000	3,000	----	----	----	----	----	----	----
219(b)(5)(B) IRA Catch-Up Contributions	1,000	1,000	1,000	1,000	1,000	500	500	500	500	----	----	----	----	----	----	----
Taxable Wage Base	106,800	106,800	102,000	97,500	94,200	90,000	87,900	87,000	84,900	80,400	76,200	72,600	68,400	65,400		

Methodology for Calculating Cost-of-Living Increases under § 415(d) of the Internal Revenue Code

Section 415 of the Internal Revenue Code (Code) provides for dollar limitations on benefits and contributions under qualified retirement plans. It also requires that the Commissioner annually adjust these limits for cost-of-living increases.

Calculation Methodology

To calculate the cost-of-living increases for any particular year, the Consumer Price Index for All Urban Consumers (CPI-U) must be obtained from the Bureau of Labor Statistics, U.S. Department of Labor, for the three months of the calendar quarter beginning July 1 (i.e., July, August, and September) of the previous year. The sum of the three indices is then compared to the sum of the indices for the three months of the base period specified in the Code. The quotient of these sums is rounded to four decimal places. This result is multiplied by the given dollar limitation. Finally, if this result is an exact multiple of the dollar multiple specified in the rounding convention for that limitation in the Code, the result obtained is the new dollar limitation; otherwise, the result is rounded to the next lowest multiple specified for that limitation in the Code to obtain the new dollar limitation.

For example, to calculate the dollar limitation under § 415(b)(1)(A) applicable for 2009, you divide the sum of the CPI-U's for the three months of the calendar quarter beginning July 1, 2008 (i.e., 657.833¹) by the sum of the CPI-U's for the three months of the calendar quarter beginning July 1, 2001 (i.e., 533.3), the base period specified in the Code. The result is 1.2335. The dollar limitation under § 415(b)(1)(A) (i.e., \$160,000) is multiplied by 1.2335. The result is \$197,360. Since this result is not an exact multiple of \$5,000 (the dollar multiple specified in § 415(d)(4)(A) of the Code), the result is rounded to the next lowest multiple of \$5,000, which is \$195,000. This final result is the dollar limitation under § 415(b)(1)(A) applicable for 2009.

¹ Starting in January 2007, the Bureau of Labor Statistics began reporting the CPI-U rounded to thousandths rather than tenths. According to information in its notice concerning this change, the Bureau indicated that it had no intention of modifying historical CPI-U's.

The dollar limitations for the 2009 tax year are listed below:

Code or Regulation Section	Limitation	Unrounded Limitation
§ 415(b)(1)(A)	\$195,000	\$197,360
§ 415(c)(1)(A)	\$49,000	\$49,340
§ 402(g)(1)	\$16,500	\$16,707
§ 409(o)(1)(C)(ii)	\$195,000	\$197,360
	\$985,000	\$986,800
§ 414(q)(1)(B)	\$110,000	\$111,472
§ 414(v)(2)(B)(i)	\$5,500	\$5,569
§ 414(v)(2)(B)(ii)	\$2,500	\$2,785
§ 416(i)(1)(A)(i)	\$160,000	\$160,355
§ 401(a)(17)	\$360,000	\$364,460
(Governmental Plan Transition)	\$245,000	\$246,700
§ 404(l)	\$245,000	\$246,700
§ 408(k)(2)(C)	\$550	\$555
§ 408(k)(3)(C)	\$245,000	\$246,700
§ 408(k)(6)(D)(ii)	\$245,000	\$246,700
§ 408(p)(2)(E)	\$11,500	\$11,565
§ 457(e)(15)	\$16,500	\$16,707
§ 1.61-21(f)(5)(i)	\$95,000	\$99,280
§ 1.61-21(f)(5)(iii)	\$195,000	\$198,560

The compensation limitation of § 415(b)(1)(B) is calculated in a similar manner. For a participant separating from service on or before December 31 of a given year, the participant's compensation limitation for the following calendar year is computed by multiplying the participant's compensation limitation, as adjusted through the given calendar year, by a factor provided by the Service. This factor is the quotient of the sum of the CPI-U's for the calendar quarter beginning July 1 of the given year over the sum of the CPI-U's for the calendar quarter beginning July 1 of the previous year, rounded to four decimal places. For example, the 2009 factor is calculated by dividing the sum of the indices for the calendar quarter beginning July 1, 2008 (i.e., 657.833) by the sum of the indices for the calendar quarter beginning July 1, 2007 (i.e., 624.706). The result is 1.0530, which is the 2009 factor. Therefore, for a participant separating from service on or before December 31, 2008, the participant's compensation limitation for 2009 is computed by multiplying the participant's compensation limitation, as adjusted through 2008, by the 2009 factor.