

Employee Benefits Alert

Willis

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Cost of Living Adjustments for 2007

The Internal Revenue Service and the Social Security Administration have announced their cost of living adjustments to the benefit and contribution limits governing a wide variety of tax-qualified employee benefit plans. The following table reflects the increases which become effective January 1, 2007.

	2007	2006	2005		2007	2006	2005
Pre-tax Dollar Limit				Transportation Plan Limits			
401(k) Contributions	15,500	15,000	14,000	Transit Passes (Monthly)	110	105	105
403(b) Contributions	15,500	15,000	14,000	Qualified Parking (Monthly)	215	205	200
457 Contributions	15,500	15,000	14,000	Compensation Limit			
SIMPLE Plans	10,500	10,000	10,000		225,000	220,000	210,000
Highly Compensated Employee				Catch-up Contributions			
Compensation	100,000	100,000	95,000	401(k), 403(b), 457 ³	5,000	5,000	4,000
Top 20% Paid Officer	—	—	—	SIMPLE ³	2,500	2,500	2,000
Section 415 Limitations				Health Savings Accounts			
Defined Benefit Plan	180,000	175,000	170,000	Annual Contributions			
Defined Contribution Plan	45,000	44,000	42,000	Individual Coverage	2,850	2,700	2,650
Key Employees (Top Heavy)				Family Coverage	5,650	5,450	5,250
Officer	145,000	140,000	135,000	Catch-up Contributions ³	800	700	600
1% Owner	150,000	150,000	150,000	High Deductible Plan			
1 of 10 Top Earning Employees	Eliminated ²	—	—	Maximum Out-Of-Pocket Limit			
Taxable Wage Base				Individual Coverage	5,500	5,250	5,100
Social Security	97,500	94,200	90,000	Family Coverage	11,000	10,500	10,200
Medicare	Unlimited	Unlimited	Unlimited	Minimum Deductible			
				Individual Coverage	1,100	1,050	1,000
				Family Coverage	2,200	2,100	2,000

¹ Many of these limits reflect EGTRRA changes and are subject to that law's sunset provisions.

² This rule has been eliminated for 2002 and beyond but is still subject to the EGTRRA sunset provisions.

³ Contributions made on a "catch-up" basis are contingent on satisfying eligibility rules.

Note: Employers often inquire about the Internal Revenue Code Section 79 Table I rates. The Table I rates are *not* adjusted annually for inflation.

U.S. Benefit Office Locations

Anchorage, AK (907) 562-2266	Atlanta, GA (404) 224-5000	Austin, TX (800) 861-9851	Baltimore, MD (410) 527-1200
Birmingham, AL (205) 871-3871	Boise, ID (208) 340-0645	Boston, MA (617) 437-6900	Cary, NC (919) 459-3000
Charlotte, NC (704) 376-9161	Chicago, IL (312) 621-4700	Cincinnati, OH (513) 762-7661	Cleveland, OH (216) 861-9100
Columbus, OH (614) 766-8900	Dallas, TX (972) 385-9800	Denver, CO (303) 218-4020	Detroit, MI (248) 735-7580
Eugene, OR (541) 687-2222	Farmington, CT (860) 284-6137	Florham Park, NJ (973) 410-1022	Ft. Worth, TX (817) 335-2115
Grand Rapids, MI (616) 954-7829	Greenville, SC (864) 232-9999	Houston, TX (713) 625-1023	Jacksonville, FL (904) 355-4600
Knoxville, TN (865) 588-8101	Las Vegas, NV (702) 562-4335	Long Island, NY (516) 941-0260	Los Angeles, CA (213) 607-6300
Louisville, KY (502) 499-1891	Memphis, TN (901) 248-3100	Miami, FL (305) 373-8460	Milwaukee, WI (414) 271-9800
Minneapolis, MN (763) 302-7100	Mobile, AL (251) 433-0441	Mountain View, CA (650) 944-7000	Naples, FL (239) 514-2542
Nashville, TN (615) 872-3700	New Orleans, LA (504) 581-6151	New York, NY (212) 344-8888	Omaha, NE (402) 778-4851
Orlando, FL (407) 805-3005	Philadelphia, PA (610) 964-8700	Phoenix, AZ (602) 787-6000	Pittsburgh, PA (412) 586-1400
Portland, OR (503) 224-4155	Roswell, NM (505) 317-3397	St. Louis, MO (314) 721-8400	San Diego, CA (858) 678-2000
San Francisco, CA (415) 981-0600	San Juan, PR (787) 725-5880	Seattle, WA (206) 386-7400	Spokane, WA (206) 386-7400
Tampa, FL (813) 281-2095	Washington, DC (301) 530-5050	Wilmington, DE (302) 477-9640	

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