

Employee Benefits Alert

Willis

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Cost of Living Adjustments for 2008

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, 2008.

	2008	2007	2006
Pre-tax Dollar Limit			
401(k) Contributions	\$15,500	\$15,500	\$15,000
403(b) Contributions	15,500	15,500	15,000
457 Contributions	15,500	15,500	15,000
SIMPLE Plans	10,500	10,500	10,000
Highly Compensated Employee			
Compensation	105,000	100,000	100,000
Section 415 Limitations			
Defined Benefit Plan	185,000	180,000	175,000
Defined Contribution Plan	46,000	45,000	44,000
Key Employees (Top Heavy)			
Officer	150,000	145,000	140,000
1% Owner	150,000	150,000	150,000
Taxable Wage Base			
Social Security	102,000	97,500	94,200
Medicare	Unlimited	Unlimited	Unlimited

	2008	2007	2006
Transportation Plan Limits			
Transit Passes (Monthly)	\$115	\$110	\$105
Qualified Parking (Monthly)	220	215	205
Compensation Limit	230,000	225,000	220,000
Catch-up Contributions			
401(k), 403(b), 457*	5,000	5,000	5,000
SIMPLE*	2,500	2,500	2,500
Health Savings Accounts Annual Contributions			
Individual Coverage	2,900	2,850	2,700
Family Coverage	5,800	5,650	5,450
Catch-up Contributions*	900	800	700
High Deductible Plan Maximum Out-Of-Pocket Limit			
Individual Coverage	5,600	5,500	5,250
Family Coverage	11,200	11,000	10,500
Minimum Deductible			
Individual Coverage	1,100	1,100	1,050
Family Coverage	2,200	2,200	2,100

* 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.

Key Contacts

US Benefits Office Locations

Atlanta, GA 404 224 5000	Farmington, CT 860 284 6147	Mobile, AL 251 433 0441	San Francisco, CA 415 981 0600
Austin, TX 800 861 9851	Florham Park, NJ 973 410 1022	Naples, FL 239 659 4500	San Jose, CA 408 436 7000
Baltimore, MD 410 527 1200	Ft. Worth, TX 817 335 2115	Nashville, TN 615 872 3700	San Juan, PR 787 725 5880
Birmingham, AL 205 871 3871	Grand Rapids, MI 616 954 7829	New Orleans, LA 504 581 6151	Seattle, WA 206 386 7400
Boston, MA 617 437 6900	Greenville, SC 864 232 9999	New York, NY 212 915 5422	Tampa, FL 813 281 2095
Cary, NC 919 459 3000	Houston, TX 713 961 3800	Omaha, NE 402 391 1044	Washington, DC 301 530 5050
Charlotte, NC 704 376 9161	Jacksonville, FL 904 355 4600	Orange County, CA 949 885 1200	Wilmington, DE 302 477 9640
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