

MEMO# 11326

October 20, 1999

IRS ANNOUNCES TAX YEAR 2000 COST-OF-LIVING ADJUSTMENTS FOR PENSION PLAN LIMITATIONS

[11326] October 20, 1999 TO: PENSION MEMBERS No. 40-99 PENSION OPERATIONS ADVISORY COMMITTEE No. 48-99 TAX MEMBERS No. 33-99 TRANSFER AGENT ADVISORY COMMITTEE No. 63-99 RE: IRS ANNOUNCES TAX YEAR 2000 COST-OF-LIVING ADJUSTMENTS FOR PENSION PLAN LIMITATIONS

The Internal Revenue Service has released the cost-of-living adjustments to various pension plan limitations in the Internal Revenue Code for the 2000 tax year. Significant adjustments include the following: ! The section 402(g) limitation on elective deferrals is increased from \$10,000 to \$10,500. ! The section 414(q) limitation in the definition of "highly compensated employee" is increased from \$80,000 to \$85,000. ! The sections 401(a)(17) and 404(l) annual compensation limit is increased from \$160,000 to \$170,000. ! For SEPs, the compensation amount under section 408(k)(2) is increased from \$400 to \$450, and the compensation amount under section 408(k)(3) is increased from \$160,000 to \$170,000. ! The section 415 limit for defined benefit plans is increased from \$130,000 to \$135,000. The limitations that remain unchanged for 2000 are as follows: ! The section 415 limit for defined contribution plans remains unchanged at \$30,000. ! For SIMPLEs, the limitation under section 408(p)(2) remains unchanged at \$6,000. ! For 457 plans, the limitation under sections 457(b) and (c) remains unchanged at \$8,000. • A copy of the release is attached. Thomas T. Kim Assistant Counsel Attachment Note: Not all recipients receive the attachment. To obtain a copy of the attachment referred to in this Memo, please call the ICI Library at (202) 326-8304, and ask for attachment number 11326. ICI Members may retrieve this Memo and its attachment from ICINet (<http://members.ici.org>).