

The Blue Summit Report

Retirement Plan Limits, Reminders & Required Minimum Distribution Changes for 2009 *Please call our office with any questions*

This is the time to make sure you are contributing the maximum the IRS allows to your retirement plans.

For those of you who automatically contribute to your retirement accounts every month, you may need to increase your monthly amounts to meet the 2009 limits going forward, as this will not happen automatically.

If you plan to invest the maximum amount in your retirement accounts, you will want to review and possibly update the amount you are deferring through your employer. If you have IRAs you may want to review and update your monthly investment amounts to these accounts. Please see the new limits below.

The deadline for IRA & Roth-IRA contributions is April 15th, and the deadline for SEP & Simple-IRA is tax filing deadline, including extensions.

If you are over 70½ years old, you get a break in 2009. Congress has suspended your Required Minimum Distributions (RMD) that need to be taken from your IRA for 2009, due to the down-market.

Please feel free to call us with any questions whatsoever.

Here are the new limits for 2009:

■ IRA & Roth-IRA:

- Maximum contribution stays at \$5,000 per person/ year (Roth-IRA phases out at \$101k - \$116k single or \$159k - \$169k joint)
- Additional over 50 amount stays at \$1,000

■ IRA Deductibility:

- Single - phase out begins over \$53k AGI
- Joint - phase out begins over \$85k AGI

■ Roth-IRA Conversion Limit:

- Before 2010: AGI < \$100k
- 2010 and Later: Unlimited AGI

■ Simple-IRA:

- Employee contribution limit goes up to \$11,500 from \$10,500
- Additional over 50 amount stays at \$2,500

■ 401k, 403b, & 457 Plans:

- Employee contribution limit rises to \$16,500 from \$15,500
- Additional over 50 amount goes up to \$5,500 from \$5,000

■ Defined Contribution Plan Limits

- Increased from \$46,000 to \$49,000.
- Annual compensation limit increased from \$230,000 to \$245,000.

■ Self-Employed and Business Owners:

- It is always good for us to review your plan to determine if you still have the best plan to fit your needs each year. We can change plans, but we cannot do this mid-year. For example, if you currently have a SEP, a Simple IRA may be better depending on the situation.

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