

From: TRS Legislative & Regulatory Task Force
To: Transamerica Retirement Services Employees
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TCRS 2006-07: 2007 COLAS

PENSION PLAN LIMITATIONS FOR 2003 - 2007

Benefit Limit	2003	2004	2005	2006	2007
Sec. 415 Defined Benefit Dollar Limit IRC Sec. 415(b)(1)(A)	\$160,000 ¹	\$165,000 ¹	\$170,000 ¹	\$175,000 ¹	\$180,000 ¹
Sec. 415 Defined Contribution Dollar Limit IRC Sec. 415(c)(1)(A)	\$ 40,000 ²	\$ 41,000 ²	\$42,000 ²	\$44,000 ²	\$45,000 ²
Elective Deferral Limit for 401(k) Plans IRC Sec. 402(g)(1)	\$ 12,000 ³	\$ 13,000 ³	\$14,000 ³	\$15,000 ³	\$15,500 ³
Catch-Up Limits for 401(k) Plans (age 50+)	\$ 2,000 ⁴	\$ 3,000 ⁴	\$4,000 ⁴	\$5,000 ⁴	\$5,000 ⁴
Minimum Compensation Amount for SEPs (Non-SIMPLE) IRC Sec. 408(k)(2)(C)	\$ 450	\$ 450	\$ 450	\$450	\$500
Maximum Compensation Limit for SEPs - IRC Sec. 408(k)(3)(C), 408(k)(6)(D)(ii), Qualified Plans, IRC Secs. 401(a)(17), 404(l)	\$200,000 ⁵	\$205,000 ⁵	\$210,000 ⁵	\$220,000 ⁵	\$225,000 ⁵
Highly Compensated Employee Definitional Limits IRC Sec. 414(q)(1)(B)	\$ 90,000	\$ 90,000	\$ 95,000 ⁶	\$100,000 ⁶	\$100,000 ⁶
ESOP Payout Limits IRC Sec. 409(o)(1)(C)(ii)	\$160,000 ⁷ \$810,000 ⁸	\$165,000 ⁷ \$830,000 ⁸	\$170,000 ⁷ \$850,000 ⁸	\$175,000 ⁷ \$885,000 ⁸	\$180,000 ⁷ \$915,000 ⁸
SS Taxable Wage Base	\$87,000	\$87,900	\$90,000	\$94,200	\$97,500
Contribution Limit for SIMPLE IRC Sec. 408(p)(2)(A)	\$ 8,000 ⁹	\$ 9,000 ⁹	\$10,000 ⁹	\$10,000 ⁹	\$10,500 ⁹
Catch-Up Limits for SIMPLE 401(k) Plan (Age 50+)	\$ 1,000 ¹⁰	\$ 1,500 ¹⁰	\$2,000 ¹⁰	\$2,500 ¹⁰	\$2,500 ¹⁰
Key Employee Officer Compensation IRC Sec. 416(i)(1)(A)(i)	\$130,000	\$130,000	\$135,000	\$140,000	\$145,000

Legend:

- ¹ EGTRRA provides the lesser of \$160,000 with Cost of Living Adjustment (COLA) increase, if any, in \$5,000 increments after 2002 or 100% of the employee's average compensation for his high 3 years.
- ² EGTRRA provides the lesser of \$40,000 with COLA increase, if any, in \$1,000 increments after 2002 or 100% of employee compensation.
- ³ Increasing by \$1,000 each year in 2004-6; thereafter COLA increase, if any, in \$500 increments.
- ⁴ Increasing by \$1,000 each year in 2004-6; thereafter, COLA increase, if any, in \$500 increments.
- ⁵ COLA increase, if any, in \$5,000 increments after 2002.
- ⁶ \$100,000 is '06 Comp for HCE's in '07, \$100,000 is '07 Comp for HCE's in '08
- ⁷ Amount used to determine the lengthening of the 5-year distribution period.
- ⁸ Amount used for determining the maximum account balance in an ESOP subject to a 5-year distribution period.
- ⁹ Increasing by \$1,000 each year in 2004-5; thereafter, COLA increase, if any, in \$500 increments.
- ¹⁰ Increasing by \$500 each year in 2004-6; thereafter, COLA increase, if any, in \$500 increments.

This Summary is designed to provide an overview of the 2007 Cost of Living Adjustments and is not intended to be comprehensive. Transamerica Retirement Services (TRS) and its representatives cannot give ERISA, tax or legal advice. This material is provided for informational purposes only based on our understanding of material provided and should not be construed as ERISA, tax or legal advice. Clients and other interested parties must consult and rely solely upon their own independent advisors regarding their particular situation and the concepts presented here. Although care has been taken in preparing this material and presenting it accurately, TRS disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it.