



The Vita Viewpoint Important Information for Decision Makers

Retirement Plan Limits

- On October 23, the IRS announced the 1999 cost of living adjustments (COLAs) applicable to dollar limits on qualified retirement plans. IRS News Release 98-63 indicated few changes from the limits established in 1998. In particular, effective January 1, 1999:
 - The IRC §415(c)(1)(A) defined contribution limits remain at \$30,000
 - The IRC §401(g)(1) limit on elective employee deferrals remains at \$10,000
 - The annual compensation limit under IRC §401(a)(17) and §404(1) remains at \$160,000
- Remember, employees who entered the 401(k) plan “mid year” (and are anxious to make the \$10,000 maximum deferral for 1999) may need to adjust their per paycheck deferrals effective January 1, 1999. The maximum dollar deferral per paycheck should not exceed the following:

Number of Paychecks	12	24	26	52
Deferral Amount To Achieve \$10,000 Maximum	\$833.33	\$416.66	\$384.61	\$192.30

- The maximum Social Security taxable wage base for 1999 has been set at \$72,400. The Medicare tax still has no income limitation!
- Finally, President Clinton also signed into law an accelerated schedule for health premium deductions for self-employed persons. Allowable premium deductions will be as follows:

Year	1998	1999-2001	2002	2003 and thereafter
Percentage	45%	60%	70%	100%

For questions or additional information, please contact Vita Benefits Group at (650) 968-8811.