



## The Vita Viewpoint Important Information for Decision Makers

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### 2000 Dollar Limits for Qualified Plans

- The IRS announced the cost of living adjustments (COLAs) applicable to dollar limits on qualified retirement plans. Effective January 1, 2000:
  - Maximum 401(k) elective deferrals will increase to \$10,500  
- IRC §401(g)(1)
  - Overall cap for all money types (deferrals, match and profit sharing) will remain at \$30,000  
- IRC §415(c)(1)(A)
  - The annual compensation limit will increase to \$170,000  
- IRC §401(a)(17) and §404(1)
- Employees who want to reach the new maximum deferral limit will need to adjust the per paycheck deferrals January 1, 2000. The maximum dollar deferral per paycheck should not exceed the following:

<b>Number of Paychecks</b>	12	24	26	52
<b>Deferral Amount To Achieve \$10,500 Maximum</b>	\$875.00	\$437.50	\$403.85	\$201.93

- Most employers who provide a company match do so on a per paycheck basis. Therefore, if an employee accelerates their deferral percentage such that the maximum deferral limit (\$10,500) is reached prior to the end of the calendar year, the employee may not achieve the maximum potential employer match.
- For companies that pay bi-weekly, you may encounter 27 pay periods in 2000. The maximum deferral per paycheck with 27 pay periods is \$388.88.
- The maximum Social Security taxable wage base for 2000 has been set at \$76,200. The Medicare tax still has no income limitation!

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