



Bi-Monthly Report

January - February 2007

Volume 16 Issue 1

2007 Pension Plan Increases and The Pension Protection Act of 2006

2007 Pension Plan Increases

The Internal Revenue Service and the Social Security Administration have issued the 2007 Pension Plan increases. For your convenience and reference, they are listed below, along with the 2006 limits, which are shown for comparison purposes.

| Item | 2007 | 2006 |
|--|-----------|-----------|
| 1. Maximum contribution to a 401(k) Plan | \$ 15,500 | \$ 15,000 |
| 2. Additional 401(k) Plan Catch-Up Contribution (for participants age 50 and over) | 5,000 | 5,000 |
| 3. Maximum Profit Sharing Plan contribution for a participant* | 45,000 | 44,000 |
| 4. Maximum 401(k) and Profit Sharing Plan contribution for a participant age 50 or older* | 50,000 | 49,000 |
| 5. Maximum Defined Benefit Pension Plan Benefit (Dollar Limit payable at ages 62 to 65) | 180,000 | 175,000 |
| 6. Maximum compensation that can be used for Plan purposes | 225,000 | 220,000 |
| 7. Social Security Taxable Wage Base | 97,500 | 94,200 |

* Please note that for a participant age 45 or older, the maximum defined benefit plan contribution will be higher than the maximum defined contribution plan amounts shown in items 3 and 4 above.

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2007 Pension Plan Increases continued

As part of the services we provide, we will automatically incorporate any applicable increases when we prepare your 2007 valuation. These changes may increase the contributions to your Company's Plans. In addition, they may also help Employers increase the contribution for the principals relative to the other plan participants. Do not hesitate to contact us if you would like to increase your Plan's contributions, if you would like to know how these changes will affect your Plan, or if you have any questions. Let us know what you want.

The Pension Protection Act of 2006

On August 17, 2006, the Pension Protection Act (PPA) became law. This Act changes many rules relating to qualified plans, including Defined Benefit, Profit Sharing and 401(k) Plans. These changes include new funding requirements for Defined Benefit Plans, and new disclosure requirements for Profit Sharing and 401(k) Plans.

Some of the PPAs changes became effective in 2006, others become effective in 2007, and others in 2008. The PPA will affect the funding of Defined Benefit Plans differently, depending on the plan design, funded status, demographics and others factors. Future Bi-Monthly Reports will discuss these changes as they apply to qualified plans sponsored by small companies.

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