

Section 401.—Qualified Pension, Profit-Sharing, And Stock Bonus Plans

26 CFR 1.401(l)-1: Permitted disparity with respect to employer-provided contributions or benefits.

Covered compensation tables; 1998.

The covered compensation tables for the 1998 calendar year for determining contributions to defined benefit plans and permitted disparity are set forth.

Rev. Rul. 97-45

This revenue ruling provides tables of covered compensation under § 401(l)-(5)(E) of the Internal Revenue Code (the “Code”) and the Income Tax Regulations, thereunder, for the 1998 plan year.

Section 401(l)(5)(E)(i) defines covered compensation with respect to an employee, as the average of the contribution and benefit bases in effect under § 230 of the Social Security Act (the “Act”) for each year in the 35-year period ending with the year in which the employee attains social security retirement age.

Section 401(l)(5)(E)(ii) of the Code states that the determination for any year preceding the year in which the employee attains social security retirement age shall be made by assuming that there is no increase in covered compensation after the determination year and before the employee attains social security retirement age.

Section 1.401(l)-1(c)(34) of the regulations defines the taxable wage base as the contribution and benefit base under § 230 of the Act.

Section 1.401(l)-1(c)(7)(i) defines covered compensation for an employee as the average (without indexing) of the taxable wage bases in effect for each calendar year during the 35-year period ending with the last day of the calendar year in which the employee attains (or will attain) social security retirement age. A 35-year period is used for all individuals regardless of the year of birth of the individual. In determining an employee’s covered compensation for a plan year, the taxable wage base for all calendar years beginning after the first day of the plan year is assumed to be the same as the taxable wage base in effect as of the beginning of the plan year. An employee’s covered compensation for a plan year beginning after the 35-year period applicable under § 1.401(l)-1(c)(7)(i) is the employee’s covered compensation for a plan year during which the 35-year period ends. An employee’s covered compensation for a plan year beginning before the 35-year period applicable under this § 1.401(l)-1(c)(7)(i) is the taxable wage base in effect as of the beginning of the plan year.

Section 1.401(l)-1(c)(7)(ii) provides that, for purposes of determining the amount of an employee’s covered compensation under section 1.401(l)-1(c)(7)(i), a plan may use tables, provided by the Commissioner, that are developed by rounding the actual amounts of covered compensation for different years of birth.

For purposes of determining covered compensation for the 1998 year the taxable wage base is \$68,400.

The following tables provide covered compensation for 1998:

1998 Covered Compensation Table

Calendar Year of Birth	Calendar Year of Social Security Retirement Age	1998 Covered Compensation
1907	1972	\$4,488
1908	1973	4,704
1909	1974	5,004
1910	1975	5,316
1911	1976	5,664
1912	1977	6,060

1998 Covered Compensation Table—Continued

Calendar Year of Birth	Calendar Year of Social Security Retirement Age	1998 Covered Compensation
1913	1978	6,480
1914	1979	7,044
1915	1980	7,692
1916	1981	8,460
1917	1982	9,300
1918	1983	10,236
1919	1984	11,232
1920	1985	12,276
1921	1986	13,368
1922	1987	14,520
1923	1988	15,708
1924	1989	16,968
1925	1990	18,312
1926	1991	19,728
1927	1992	21,192
1928	1993	22,716
1929	1994	24,312
1930	1995	25,920
1931	1996	27,576
1932	1997	29,304
1933	1998	31,128
1934	1999	32,940
1935	2000	34,752
1936	2001	36,528
1937	2002	38,292
1938	2004	41,748
1939	2005	43,488
1940	2006	45,216
1941	2007	46,908
1942	2008	48,552
1943	2009	50,136
1944	2010	51,684
1945	2011	53,208
1946	2012	54,684
1947	2013	56,136
1948	2014	57,432
1949	2015	58,644
1950	2016	59,760

1998 Covered Compensation Table—Continued

Calendar Year of Birth	Calendar Year of Social Security Retirement Age	1998 Covered Compensation
1951	2017	60,780
1952	2018	61,716
1953	2019	62,592
1954	2020	63,420
1955	2022	64,872
1956	2023	65,544
1957	2024	66,120
1958	2025	66,612
1959	2026	67,044
1960	2027	67,404
1961	2028	67,716
1962	2029	67,944
1963	2030	68,148
1964	2031	68,304
1965 or later	2032	68,400

1998 Rounded Covered Compensation Table

Year of Birth	Covered Compensation
1933	\$30,000
1934	33,000
1935 – 1936	36,000
1937	39,000
1938 – 1939	42,000
1940	45,000
1941 – 1942	48,000
1943 – 1944	51,000
1945 – 1946	54,000
1947 – 1948	57,000
1949 – 1951	60,000
1952 – 1954	63,000
1955 – 1959	66,000
1960 or later	68,400

Drafting Information

The principal author of this revenue ruling is Donna Prestia of the Employee Plans Division. For further information regarding this notice, call (202) 622-6076 between 2:30 and 3:30 Eastern time (not a toll free number) Monday thru Thursday. Ms. Prestia's number is (202) 622-7377 (also not a toll free number).
