

## 1999 Limitations Adjusted As Provided in Section 415(d), Etc.<sup>1</sup>

### Notice 98-53

Section 415 of the Internal Revenue Code (the Code) provides for dollar limitations on benefits and contributions under qualified plans. Section 415 also requires that the Commissioner annually adjust these limits for cost-of-living increases. Other limitations applicable to deferred compensation plans are also affected by these adjustments.

Effective January 1, 1999, the limitation for the annual benefit under § 415(b)(1)(A) for defined benefit plans remains unchanged at \$130,000. For participants who separated from service before January 1, 1999, the limitation for defined benefit plans under § 415(b)(1)(B) is computed by multiplying the participant's compensation limitation, as adjusted through 1998 by 1.0160. The limitation for defined contribution plans under § 415(c)(1)(A) remains unchanged at \$30,000.

The Code provides that various other dollar amounts are to be adjusted at the same time and in the same manner as the dollar limitation of § 415(b)(1)(A) is adjusted. These dollar amounts and the adjusted amounts are as follows:

The limitation on the exclusion for elective deferrals under § 402(g)(1) remains unchanged at \$10,000.

The dollar amount under § 409(o)(1)(C)(ii) for determining the maximum account balance in an employee stock ownership plan subject to a 5-year distribution period is increased from \$725,000 to \$735,000, while the

dollar amount used to determine the lengthening of the 5-year distribution remains unchanged at \$145,000.

The limitation used in the definition of a highly compensated employee under § 414(q)(1)(B) remains unchanged at \$80,000.

The annual compensation limit under §§ 401(a)(17) and 404(l) remains unchanged at \$160,000. The annual compensation limit under § 401(a)(17) for eligible participants in certain governmental plans that, under the plan as in effect on July 1, 1993, allowed cost-of-living adjustments to the compensation limitation under the plan under § 401(a)(17) to be taken into account, is increased from \$265,000 to \$270,000.

The compensation amount under § 408(k)(2)(C) regarding simplified employee pension plans (SEPs) remains unchanged at \$400. The compensation amount under § 408(k)(3)(C) for SEPs remains unchanged at \$160,000.

The limitation under § 408(p)(2)(A) regarding simple retirement accounts remains unchanged at \$6,000.

The limitation on deferrals under § 457(b)(2) and (c)(1) concerning eligible deferred compensation plans of state and local governments and of tax-exempt organizations remains unchanged at \$8,000.

The compensation amounts under § 1.61-21(f)(5)(i) and (iii) of the Income Tax Regulations concerning the definition of “control employee” for fringe benefit valuation purposes are \$70,000 and \$145,000, respectively.

Administrators of defined benefit or defined contribution plans that have received favorable determination letters should not request new determination letters solely because of yearly amendments to adjust maximum limitations in the plans.