

Client Alert

Year 2007 Retirement Plan Cost-of-Living Adjustments

The Internal Revenue Service has announced the cost-of-living adjustments applicable to qualified retirement plans for the year 2007, and the Social Security Administration has announced its own cost-of-living adjustments for 2007. Note that the limits under Code Sections 414(q)(1)(B) (the definition of highly compensated employee) and 414(v) (the maximum catch-up contribution) are unchanged for 2007. The following is a chart comparing the commonly used 2006 and 2007 year limits:

Type of Limit	2006	2007
IRC Section 401(a)(17) – Qualified Plans – Maximum Compensation Limit Per Person	\$220,000	\$225,000
IRC Section 402(g)(1) – 401(k) Plans – Maximum Elective Deferral Per Person Per Year	\$15,000	\$15,500
IRC Section 414(q)(1)(B) – Qualified Plans – Definition of Highly Compensated Employee	\$100,000	\$100,000
IRC Section 414(v) – 401(k) Plans – Maximum Catch-Up Contribution Per Person For Persons Age 50 and Over	\$5,000	\$5,000
IRC Section 415(b) – Defined Benefit Plans – Maximum Annual Benefit Payable Per Person	\$175,000	\$180,000
IRC Section 415(c) – Defined Contribution Plans – Maximum Annual Contribution Per Person	\$44,000	\$45,000
IRC Section 416(i)(1)(A)(i) – Qualified Plans – Dollar Limit Used In Definition of Officer Key Employee for Purposes of Top-Heavy Testing	\$140,000	\$145,000
Social Security Taxable Wage Base	\$94,200	\$97,500

* * * * *

October 18, 2006

For Additional Information

This client alert can be found, together with other recent Chadbourne & Parke LLP client alerts, on our website at www.chadbourne.com/publications. Our client alerts are for general informational purposes and should not be regarded as legal advice. If you have any questions regarding this alert, please contact any of the following:

New York

Edward P. Smith	+1 (212) 408-5371	esmith@chadbourne.com
Marjorie M. Glover	+1 (212) 408-1016	mglover@chadbourne.com
David Gallai	+1 (212) 408-1033	dgallai@chadbourne.com

Chadbourne & Parke LLP

New York

30 Rockefeller Plaza
New York, NY 10112
Telephone: +1 (212) 408-5100
Facsimile: +1 (212) 541-5369

Washington, D.C.

1200 New Hampshire Avenue, N.W.
Washington, D.C. 20036
Telephone: +1 (202) 974-5600
Facsimile: +1 (202) 974-5602

Los Angeles

350 South Grand Avenue, Suite 3300
Los Angeles, CA 90071
Telephone: +1 (213) 892-1000
Facsimile: +1 (213) 622-9865

Houston

1100 Louisiana, Suite 3500
Houston, TX 77002
Telephone: +1 (713) 571-5900
Facsimile: +1 (713) 571-5970

London

Chadbourne & Parke
(a multinational partnership)
Regis House, 45 King William Street
London EC4R 9AN
Telephone: +44 (20) 7337-8000
Facsimile: +44 (20) 7337-8001

Moscow

52/5 Kosmodamianskaya Naberezhnaya
Moscow 115054, Russian Federation
Telephone: +7 (495) 974-2424
Facsimile: +7 (495) 974-2425

St. Petersburg

5 Italianskaya Str., Office 56/57
St. Petersburg 191186, Russian Federation
Telephone: +7 (812) 326-9300
Facsimile: +7 (812) 326-9341

Warsaw

(through a Polish partnership)
ul. Emilii Plater 53
00-113 Warsaw, Poland
Telephone: +48 (22) 520-5000
Facsimile: +48 (22) 520-5001

Kyiv

11 Mykhailivska Street, 4th Floor
Kyiv 01001, Ukraine
Telephone: +380 (44) 230-2534
Facsimile: +380 (44) 230-2535

Almaty

Dostyk Business Center
43 Dostyk Ave., 4th Floor
Almaty 050010, Kazakhstan
Telephone: +7 (3272) 585-088
Facsimile: +7 (3272) 588-084

Beijing

Room 902, Tower A, Beijing Fortune Centre
7 Dongsanhuan Zhonglu, Chaoyang District
Beijing 100020, China
Telephone: +86 (10) 6530-8846
Facsimile: +86 (10) 6530-8849

If you would like additional copies of this client alert, please contact Phillipa Yule, Director of Marketing and Creative Services, at +1 (212) 408-5240 or e-mail: pyule@chadbourne.com.