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Your Payroll Experts

November 1, 2008

ACCOUNTANTS UPDATE

- **Unemployment Insurance Tax:**

PA Employee contribution remains at .06% for 2009 on gross wages
NJ Employee contribution increases to 1.015% for 2009 on taxable wages

- **W-2 Code Y Reporting of 409A Deferrals waived for 2008**

- **Pension plan limitations for Year 2009:**

Salary Deferral (pretax) Limits

| | |
|---|--------------|
| 401(k) / 403(b) / SARSEP | \$ 16,500.00 |
| 457(b) State and Local Governments and tax exempt organizations | 16,500.00 |
| Catch-up Contributions | 5,500.00 |
| 408(p)(2)(E) Simple Retirement Accounts | 11,500.00 |
| Catch-up Contributions for Simple Plans | 2,500.00 |

Section 415 Annual Benefits Limits

| | |
|----------------------------|------------|
| Defined contribution plans | 49,000.00 |
| Defined benefit plans | 195,000.00 |

Compensation

| | |
|---|------------|
| Definition of highly compensated employee | 110,000.00 |
| Key employee in a "top-heavy" plan | 160,000.00 |
| Annual compensation limit for qualified plans | 245,000.00 |

- **Supplemental withholding rate for 2009 remains at 25.0%, 35.0% for supplemental wages exceeding \$1,000,000. Backup withholding rate for 2009 remains at 28.0%**

- **For employers in Pennsylvania and the surrounding states the minimum wage changes are as follows:**

| <u>State</u> | <u>Effective Date</u> | <u>Minimum Wage</u> | <u>Tip Minimum Cash Wage</u> | <u>Tip Credit</u> |
|-----------------|-----------------------|---------------------|------------------------------|-------------------|
| Delaware | 01/01/08 | 7.15 | 2.23 | 4.92 |
| | 07/24/09 | 7.25 | 2.23 | 5.02 |
| New Jersey | 10/01/06 | 7.15 | 2.13 | 5.02 |
| | 07/24/09 | 7.25 | 2.13 | 5.12 |
| New York | 01/01/07 | 7.15 | 4.60 | 2.55 |
| | 07/24/09 | 7.25 | 4.65 | 2.60 |
| Pennsylvania | 07/01/08 | 7.15 | 2.83 | 4.32 |
| | 07/24/09 | 7.25 | 2.83 | 4.42 |
| Federal Minimum | 07/24/08 | 6.55 | 2.13 | 4.42 |
| | 07/24/09 | 7.25 | 2.13 | 5.12 |

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