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Your Payroll Experts

November 9, 2009

ACCOUNTANTS UPDATE

- **Unemployment Insurance Tax:**

PA Employee contribution increase to .08% for 2010 on gross wages
NJ Employee contribution increases to 1.045% for 2010 on taxable wages

- **W-2 Code Y Reporting of 409A Deferrals not required for 2009**

- **Pension plan limitations unchanged for Year 2010:**

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 2010 remains at 25.0%, 35.0% for supplemental wages exceeding \$1,000,000. Backup withholding rate for 2010 remains at 28.0%**

- **For employers in Pennsylvania and the surrounding states the 2010 minimum wages are as follows:**

| <u>State</u> | <u>Minimum Wage</u> | <u>Tip Minimum Cash Wage</u> | <u>Tip Credit</u> |
|-----------------|---------------------|------------------------------|-------------------|
| Delaware | 7.25 | 2.23 | 5.02 |
| New Jersey | 7.25 | 2.13 | 5.12 |
| New York | 7.25 | 4.65 | 2.60 |
| Pennsylvania | 7.25 | 2.83 | 4.42 |
| Federal Minimum | 7.25 | 2.13 | 5.12 |

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