

2008 Changes

Distribution Amounts

The annual benefit limitation under a defined benefit plan - the maximum amount such a plan may pay a participant each year - is \$185,000.

Contribution Amounts

For defined contribution plans, such as 401(k)s, 403(b)s and 457s, the maximum contribution is \$15,500 and the SIMPLE maximum contribution is \$10,500.

Catch-up Contributions

For those over 50 the IRA catch-up contribution limit remains the same at \$1,000. For 401(k)s, 403(b)s, 457s, and SEPs it is \$5,000 and the SIMPLE catch up is \$2,500.

Social Security Wage Base

The inflation-based wage base for determining the maximum amount of earnings subject to the Social Security tax will be \$102,000 for 2008. The rate remains the same at 6.2%.

Medicare Tax

The Medicare Tax remains the same at 1.45%. There is no upper limit for the wage base.

Mileage Rates

The business mileage rate will remain at \$0.505.

Pennsylvania Changes

Income Tax-PA Income tax rate remains the same at 3.07%.

SUTA - Employee Contributions to the PA Unemployment compensation fund will remain at .06%.

Municipalities

Area municipality tax rates remain the same for 2008.

Emergency Municipal Services Tax (formerly OPT)

EMST is changing its name to Local Services Tax. The rate remains the same. The tax now becomes a weekly payroll deduction and is payable at the end of each quarter.

**Be sure to check our website for any changes.*



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