



November 1, 2005

Qualified Plan Amounts Adjusted for 2006

The Internal Revenue Service has released a number of adjustments to dollar limitations under retirement plans for 2006, as a result of cost-of-living adjustments and statutory changes made by the tax acts of 2001 and 2003. Some of these adjustments relating to qualified retirement arrangements are as follows:

<u>Item</u>	<u>2005</u>	<u>2006</u>
<i>Section 401(k) Plan Contributions.</i> The annual limit for elective deferrals	\$14,000	\$15,000
<i>Section 457 Plan Deferrals.</i> The annual limit for deferrals	14,000	\$15,000
<i>Catch-Up Contributions for Age 50 and Older.</i> The annual limit for an employer plan	\$4,000	\$5,000
The annual limit for SIMPLE 401(k) and SIMPLE IRAs	\$2,000	\$2,500
<i>Covered Compensation.</i> Amount of a participant's total compensation that can be taken into account under a qualified plan	\$210,000	\$220,000
<i>Defined benefit maximum.</i> The annual benefit limitation under a defined benefit plan	\$170,000	\$175,000
<i>Defined Contribution Limit.</i> Dollar limitation on aggregate contributions	\$42,000	\$44,000
<i>SIMPLE Account Limits.</i> Annual limit for SIMPLE plan salary reductions - NO CHANGE	\$10,000	\$10,000
<i>Highly Compensated Employees.</i> The amount that an employee must earn to be classified as a "highly compensated employee"	\$95,000	\$100,000
<i>Definition of Key Employee.</i> The amount that an officer must earn to be classified as a "key employee" under a top-heavy plan	\$135,000	\$140,000

For more information, feel free to contact Jefferson Pilot Financial Advanced Sales – Case Design consultants at 866-457-3658, Option 2, or by email at advancedsales@jpfm.com. Check for updates to this document at www.myjpf.com >> Marketing >> JP Life & Annuity >> Advanced Sales. Do not use this document after April 2006.

This information is for general planning purposes only and does not constitute tax or legal advice; Jefferson Pilot Financial does not provide legal or tax advice. Clients should consult their own tax and legal advisers to evaluate how the law may apply to their own facts and circumstances.