



Select Portfolio Management, Inc.
 David M. Jones, MBA
 Wealth Advisor
 120 Vantis, Suite 430
 Aliso Viejo, CA 92656
 949-975-7900
 dave.jones@selectportfolio.com
 www.selectportfolio.com



**SELECT PORTFOLIO
 MANAGEMENT, INC.**
 Integrated Wealth Management
A Registered Investment Advisor

Retirement Planning Key Numbers



An increasing number of retirement plan and IRA limits are indexed for inflation each year. For 2007, most of the limits eligible for a cost-of-living adjustment (COLA) did in fact adjust upward. In addition, 2007 marks the first year that many IRA compensation limits are indexed for inflation. Some of the key numbers for 2007 are listed below, with the corresponding limit for 2006. (The sources for these adjustments are Information Release 2006-162 and Revenue Procedure 2006-53 from the IRS.)

| | 2006 | 2007 |
|---|---|---|
| Elective deferral limits | | |
| 401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs ¹ (includes Roth 401(k) and Roth 403(b) contributions) | Lesser of \$15,000 or 100% of participant's compensation | Lesser of \$15,500 or 100% of participant's compensation |
| SIMPLE 401(k) plans and SIMPLE IRA plans ¹ | Lesser of \$10,000 or 100% of participant's compensation | Lesser of \$10,500 or 100% of participant's compensation |
| IRA contribution limits | | |
| Traditional IRAs | Lesser of \$4,000 or 100% of earned income | Lesser of \$4,000 or 100% of earned income |
| Roth IRAs | Lesser of \$4,000 or 100% of earned income | Lesser of \$4,000 or 100% of earned income |
| Additional "catch-up" limits (individuals age 50 or older) | | |
| 401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs ² | \$5,000 | \$5,000 |
| SIMPLE 401(k) plans and SIMPLE IRA plans | \$2,500 | \$2,500 |
| IRAs (traditional and Roth) | \$1,000 | \$1,000 |
| Defined benefit plan annual benefit limits | | |
| Annual benefit limit per participant | Lesser of \$175,000 or 100% of average compensation for highest three consecutive years | Lesser of \$180,000 or 100% of average compensation for highest three consecutive years |
| Defined contribution plan limits (qualified plans, 403(b) plans, SEP plans, SIMPLE IRA plans) | | |
| Annual addition limit per participant (employer contributions; employee pretax, after-tax, and Roth contributions; and forfeitures--not applicable to SIMPLE IRA plans) | Lesser of \$44,000 or 100% (25% for SEP) of participant's compensation | Lesser of \$45,000 or 100% (25% for SEP) of participant's compensation |

¹Must aggregate employee deferrals to all 401(k), 403(b), SAR-SEP, and SIMPLE plans of all employers; 457(b) contributions are not aggregated.

²Special catch-up limits may also apply to 403(b) and 457(b) plan participants.

| | 2006 | 2007 |
|--|--|--|
| Retirement plan compensation limits | | |
| Maximum compensation per participant that can be used to calculate tax-deductible employer contribution (qualified plans and SEPs) | \$220,000 | \$225,000 |
| Compensation threshold used to determine a highly compensated employee | \$100,000 (when 2006 is the look-back year) | \$100,000 (when 2007 is the look-back year) |
| Compensation threshold used to determine a key employee in a top-heavy plan | \$1 for more-than-5% owners \$140,000 for officers \$150,000 for more-than-1% owners | \$1 for more-than-5% owners \$145,000 for officers \$150,000 for more-than-1% owners |
| Compensation threshold used to determine a qualifying employee under a SIMPLE plan | \$5,000 | \$5,000 |
| Compensation threshold used to determine a qualifying employee under a SEP plan | \$450 | \$500 |
| Income phaseout range for determining deductibility of traditional IRA contributions for taxpayers: | | |
| 1. Covered by an employer-sponsored plan and filing as: | | |
| Single | \$50,000 - \$60,000 | \$52,000 - \$62,000 |
| Married filing jointly | \$75,000 - \$85,000 | \$83,000 - \$103,000 |
| Married filing separately | \$0 - \$10,000 | \$0 - \$10,000 |
| 2. Not covered by an employer-sponsored retirement plan, but filing joint return with a spouse who is covered by a plan | \$150,000 - \$160,000 | \$156,000 - \$166,000 |
| Income phaseout range for determining ability to fund a Roth IRA for taxpayers filing as: | | |
| Single | \$95,000 - \$110,000 | \$99,000 - \$114,000 |
| Married filing jointly | \$150,000 - \$160,000 | \$156,000 - \$166,000 |
| Married filing separately | \$0 - \$10,000 | \$0 - \$10,000 |
| Annual income limit for determining ability to convert traditional IRA to Roth IRA | \$100,000 | \$100,000 |

Disclosure Information -- Important -- Please Review

This material does not constitute the rendering of investment, legal, tax or insurance advice or services. It is intended for informational use only and is not a substitute for investment, legal, tax, and insurance advice.

State, national and international laws vary, as do individual circumstances; so always consult a qualified investment advisor, attorney, CPA, or insurance agent on all investment, legal, tax, or insurance matters.

The effectiveness of any of the strategies described will depend on your individual situation and on a number of other factors. After reviewing your personal situation, we may recommend that you not use any strategy in this document but instead consider various other strategies available through our practice.

Please feel free to contact me to discuss your particular situation.

Securities offered through Securities Equity Group, Member FINRA, SIPC & MSRB

David M. Jones is a Registered Representative. CA Insurance # 0E65326