

KELLY, HANNAFORD & BATTLES P.A.

ANTHONY R. BATTLES  
JULE M. HANNAFORD IV  
A. DAVID KELLY  
JOHN W. HAINE  
THEODORE K. RICE  
SONJA LEMMER MARTENS

ATTORNEYS AT LAW  
900 BAKER BUILDING  
706 SECOND AVENUE SOUTH  
MINNEAPOLIS, MINNESOTA 55402  
TELEPHONE (612) 341-0881  
FACSIMILE (612) 341-1041

WRITER'S DIRECT DIAL:  
612/341-0941  
TBattles@KHBlaw.com

MARK D. MEYER  
OF COUNSEL

October 19, 2007

**Re: 2008 Cost of Living Increases**

Dear Clients and Other Friends:

The IRS has announced the cost of living adjustments for the various dollar limits that will apply to qualified plans during 2008. The 2008 Social Security Wage Base has also been announced. Some of the more frequently applied limits are listed below:

	<b>2008</b>	<b>2007</b>
Qualified Plan Annual Compensation Limit	\$ 230,000	\$ 225,000
401(k) Plan Maximum Elective Deferral	\$ 15,500	\$ 15,500
401(k) Plan Catch-Up Limit	\$ 5,000	\$ 5,000
Defined Benefit Plan Maximum Annual Pension	\$ 185,000	\$ 180,000
Defined Contribution Plan Maximum Annual Addition	\$ 46,000	\$ 45,000
Highly Compensated Employee	\$ 105,000	\$ 100,000
Social Security Taxable Wage Base	\$ 102,000	\$ 97,500

If you have any questions about the 2008 limits or any other matters, please contact us.

Very truly yours,

Anthony R. Battles

ARB/kg