

## Part I

### Section 401.--Qualified Pension, Profit-Sharing, and Stock Bonus Plans

26 CFR 1.401(l)-1: Permitted disparity in employer-provided contributions or benefits.

Rev. Rul. 2003-124

This revenue ruling provides tables of covered compensation under § 401(l)(5)(E) of the Internal Revenue Code (the "Code") and the Income Tax Regulations, thereunder, for the 2004 plan year.

Section 401(l)(5)(E)(i) defines covered compensation with respect to an employee, as the average of the contribution and benefit bases in effect under section 230 of the Social Security Act (the "Act") for each year in the 35-year period ending with the year in which the employee attains social security retirement age.

Section 401(l)(5)(E)(ii) of the Code states that the determination for any year preceding the year in which the employee attains social security retirement age shall be made by assuming that there is no increase in covered compensation after the determination year and before the employee attains social security retirement age.

Section 1.401(l)-1(c)(34) defines the taxable wage base as the contribution and benefit base under section 230 of the Act.

Section 1.401(l)-1(c)(7)(i) defines covered compensation for an employee as the average (without indexing) of the taxable wage bases in effect for each calendar year during the 35-year period ending with the last day of the calendar year in which the employee attains (or will attain) social security retirement age. A 35-year period is used for all individuals regardless of the year of birth of the individual. In determining an employee's covered compensation for a plan year, the taxable wage base for all calendar years beginning after the first day of the plan year is assumed to be the same as the taxable wage base in effect as of the beginning of the plan year. An employee's covered compensation for a plan year beginning after the 35-year period applicable under § 1.401(l)-1(c)(7)(i) is the employee's covered compensation for a plan year during which the 35-year period ends. An employee's covered compensation for a plan year beginning before the 35-year period applicable under § 1.401(l)-1(c)(7)(i) is the taxable wage base in effect as of the beginning of the plan year.

Section 1.401(l)-1(c)(7)(ii) provides that, for purposes of determining the amount of an employee's covered compensation under § 1.401(l)-1(c)(7)(i), a plan may use tables, provided by the Commissioner, that are developed by rounding the actual amounts of covered compensation for different years of birth.

For purposes of determining covered compensation for the 2004 year the taxable wage base is \$87,900.

The following tables provide covered compensation for 2004:

2004 COVERED COMPENSATION TABLE

CALENDAR YEAR OF BIRTH	CALENDAR YEAR OF SOCIAL SECURITY RETIREMENT AGE	2004 COVERED COMPENSATION TABLE
1907	1972	\$4,488
1908	1973	4,704
1909	1974	5,004
1910	1975	5,316
1911	1976	5,664
1912	1977	6,060
1913	1978	6,480
1914	1979	7,044
1915	1980	7,692
1916	1981	8,460
1917	1982	9,300
1918	1983	10,236
1919	1984	11,232
1920	1985	12,276
1921	1986	13,368
1922	1987	14,520
1923	1988	15,708
1924	1989	16,968
1925	1990	18,312
1926	1991	19,728
1927	1992	21,192
1928	1993	22,716
1929	1994	24,312
1930	1995	25,920
1931	1996	27,576
1932	1997	29,304
1933	1998	31,128
1934	1999	33,060
1935	2000	35,100

1936	2001	37,212
1937	2002	39,444
1938	2004	43,992
1939	2005	46,284
1940	2006	48,576
1941	2007	50,832
1942	2008	53,028
1943	2009	55,164
1944	2010	57,276
1945	2011	59,352
1946	2012	61,392
1947	2013	63,396
1948	2014	65,256
1949	2015	67,020
1950	2016	68,688
1951	2017	70,272
1952	2018	71,760
1953	2019	73,200
1954	2020	74,580
1955	2022	77,148
1956	2023	78,372
1957	2024	79,512
1958	2025	80,556
1959	2026	81,540
1960	2027	82,464
1961	2028	83,340
1962	2029	84,120
1963	2030	84,876
1964	2031	85,596
1965	2032	86,244
1966	2033	86,796
1967	2034	87,240
1968	2035	87,564
1969	2036	87,780
1970	2037	87,864
1971 and later	2038	87,900

2004 Rounded Covered  
Compensation Table

Year of Birth	Covered Compensation
1937	39,000
1938 – 1939	45,000
1940	48,000
1941	51,000
1942 – 1943	54,000
1944	57,000
1945 – 1946	60,000
1947	63,000
1948 – 1949	66,000
1950 – 1951	69,000
1952 – 1953	72,000
1954	75,000
1955 – 1956	78,000
1957 – 1960	81,000
1961 – 1963	84,000
1964 – 1967	87,000
1968 and later	87,900

**DRAFTING INFORMATION**

The principal author of this revenue ruling is Lawrence Isaacs of the Employee Plans, Tax Exempt and Government Entities Division. For further information regarding this revenue ruling, please contact the Employee Plans taxpayer assistance telephone service at 1-877-829-5500, between the hours of 8:00 a.m. and 6:30 p.m. Eastern time, Monday through Friday (a toll-free number). Mr. Isaac's number is (202) 283-9710 (not a toll free number).