



Bi-Monthly Report

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How to Increase your 2006 Contribution and Thank You

Introduction

On August 17, 2006, the President signed into law the 907-page Pension Protection Act of 2006 (PPA). Although most of the changes are effective in later years, there is a change effective in 2006 that allows increased contributions for companies that sponsor both a Defined Benefit Pension Plan (DB Plan) and a Defined Contribution Plan (DC Plan). DC Plans include Profit Sharing Plans, 401(k) Plans, and Money Purchase Plans.

Increasing contributions

The PPA effectively increases the combined plan deduction limit by 6% of pay. This occurs since only DC contributions in excess of 6% of pay are included in determining the combined limit. Contributions can often be increased by adding 401(k) contributions, by adding a Defined Benefit Pension Plan if you sponsor a Profit Sharing Plan, or by adding a 401(k) or Profit Sharing Plan if you sponsor a Defined Benefit Pension Plan.

What to do

Contact us if you would like to increase contributions, or contribution flexibility. We will be happy to prepare contribution illustrations comparing current contributions with increased contributions. The PPA law change increases the options available.

2007 Pension Plan increases

The Internal Revenue Service and the Social Security Administration have recently announced the 2007 Pension Plan increases. Because the items in this newsletter need to be considered before year end, we have postponed our publication of the 2007 Pension Plan increases to our next newsletter. The January-February 2007 newsletter will include a table comparing the 2007 figures to those in 2006.

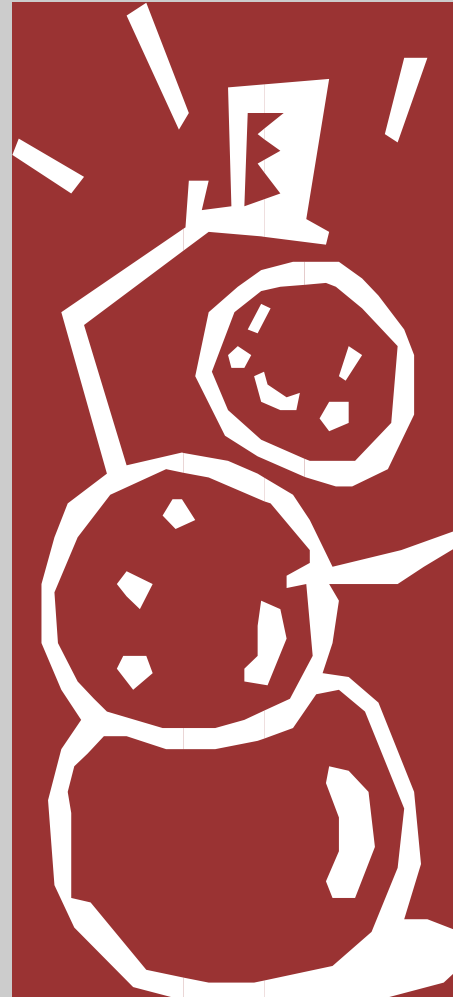
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Thank You

A number of clients have complimented us on the quality of our services. If you are pleased with our services, please recommend us to your friends and associates. If you are unhappy with a service that we have provided, then it is important that you let us know so that we can correct the problem and improve our services. We look forward to your input, appreciate your referrals and welcome new clients.

Thank you for giving us the opportunity to provide services on your behalf. May 2007 be better than 2006, and may you, your staff and your family enjoy a happy, healthy and prosperous 2007.



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