

IRS RAISES LIMITS FOR 2006

401(k) Elective Deferral Limit	\$ 15,000
Age 50 Catch-Up Contribution	\$ 5,000
SIMPLE 401(k) Elective Deferral Limit	\$ 10,000
Social Security Base Compensation	\$ 94,200
Defined Contribution Annual Addition Limit	\$ 44,000
Defined Benefit Annual Addition Limit	\$175,000
Annual Compensation Limit	\$220,000
HCE Compensation Definition	\$100,000

ISSUING THE FORM W-2

January 31, 2006 is the deadline for issuing employee W-2's. The following may be helpful when preparing these forms:

Active Participant:

- † A person who actually contributes (defers) pre-tax dollars to a 401(k) plan
- † A person who actually contributes post-tax dollars to a retirement plan.
- † A person who receives an Employer contribution or reallocated forfeiture during the 2005 tax year.

Form W-2 Completion:

- Box 12** If any employee contributes (defers) pre-tax dollars, place a D in this box with the amount of deferral.
- Box 13** Place an X in the box for Retirement Plan if the employee is an "active participant" as defined in the box to the left.

WEB ENHANCEMENTS

If your plan is currently on the web, check out the new enhancements that have been added:

- Look under "Retirement Calculator" to find a *NEW* Retirement Plan calculator that will help your participants to estimate the income and savings they will have when they retire. The results will identify if their current savings will last through their retirement years and provide an estimated annual cash flow.
- Look under "Reports" to find a *NEW* feature that will allow your participants to print on-demand participant statements right from the web!
- Look under "Forms" to find a *NEW* feature that will allow your participants to access forms without asking you! Forms currently included are the Investment Election Form, the Beneficiary Designation Form and the Summary Plan Description!
- This new access will allow your participants to go to the web for their requests without bothering you!

DISTRIBUTION PROCESSING DEADLINE

In an effort to avoid the “last minute rush” of completion, distribution, and mailing of those dreaded 1099-R Forms, we have a deadline for processing distributions to participants. Any distribution request received in our office prior to **December 16, 2005** will be processed by the end of the calendar year, and a 1099-R issued for the 2005 calendar year. We reserve the right to hold any requests received *after* the December 16th deadline and process them after January 1st. This will allow us to prepare your 1099-R Forms in a much more timely manner, enabling you to mail them to the affected participants in plenty of time to meet the January 31st deadline.

REQUIRED MINIMUM DISTRIBUTIONS

A friendly reminder that if you have any employees that are age 70 ½ or older and are more than a 5% owner of your company, or if you have any employees that have retired, are age 70 ½ or older, and still have money in your plan, they are required by law to take a Required Minimum Distribution from the plan, based on their life expectancy. In most cases these distributions must be completed before December 31st, or the employee is subject to a 50% excise tax!! We are in the process of sending distribution packages to all employees for whom we have a record - please be sure to follow up with these participants to be sure that they get the completed paperwork back to us. Also, **if we do not receive termination information from you on a regular basis, be sure to inform us immediately if someone in your plan has terminated employment this year and is age 70 ½ or older.**

ROTH 401(k) PLANS

Roth 401(k) plans are everywhere in the news. They will be available to all 401(k) plans beginning on January 1, 2006. Are they right for your plan? Please read the enclosed Frequently Asked Questions about Roth 401(k) Plans to see if they are something you would like to add to your plan. To add a Roth 401(k) feature to your existing plan, you must contact your administrator. Pricing will be as follows:

- Amendment to add Roth 401(k) feature and update forms/SPD \$500.00
- Annual fee for Roth 401(k) administration \$500.00
- Distribution charge (to replace current charge) \$100.00
- Communications meeting to inform participants of change \$95.00/hour

AS ALWAYS, IF YOU HAVE ANY QUESTIONS REGARDING ANY OF THESE ISSUES, PLEASE CONTACT YOUR PLAN ADMINISTRATOR. (440) 498-8408

**WISHING YOU A VERY SAFE AND HAPPY HOLIDAY SEASON FROM ALL
OF US AT NOBLE CONSULTING SERVICES, INC.**