



YEAR END PLANNING SUMMARY WITH A 401(k) PLAN

Let's PLAN AHEAD together! Please respond by November 30, 2007, if you need our help with any area below.

As you prepare to do your **year-end tax planning**, we are available to assist you in the following areas:

- 1. Projected 401(k) Testing**
 - We can perform a projected 401(k) test for the year to let you know whether Highly Compensated Employees can contribute more to the plan or whether they should reduce contributions so that you can minimize refunds and/or corrective contributions.
 - This is especially important now that the 401(k) regulations have made using corrective contributions ("Qualified Nonelective Employer Contributions") much more expensive for plan years beginning after December 31, 2005.
 - In addition, if you have a "maybe" safe harbor plan, a projected test could help you decide if you should proceed with the safe harbor contribution for this year and next year. We can help you prevent any surprises!

- 2. Double Check your Matching Contribution (if applicable)**
 - For 2006, because the compensation limit increased from \$210,000 to \$220,000 and the 401(k) limit increased from \$14,000 to \$15,000, your matching contribution formula may result in a different contribution.
 - We can check the contributions that your payroll system is calculating or calculate estimated contributions for you to review.

- 3. Calculating Contribution Estimates to Benefit Your Tax Planning**
 - Kravitz is available to calculate your estimated retirement plan contribution for 2007.
 - This service can help you do better planning for your tax year as well as potentially minimize your 2007 income taxes!

- 4. Performing Contribution Calculations if you need to "Zero Out" the profits from the Company**
 - Some of our clients need to know their 2007 employer contribution by December 31st.
 - Planning ahead could significantly minimize your stress in getting this work completed.

- 5. Plan Design Studies to Increase Tax Deductions**
 - Take advantage of increased compensation and contribution limits for 2007.
 - Plan design studies often uncover additional tax-saving ideas you can incorporate or add into your retirement plan.
 - Kravitz' Plan Design Study is a cost-effective service that could potentially save your company thousands of dollars over the life of your program.