October 2005
Published Since 1984

The Pension Digest

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Collin W. Fritz and Associates, Inc.,
"The Pension Specialists"

Katrina Tax Relief

The federal tax laws give the IRS broad authority to grant tax relief when the President declares a disaster and FEMA designates an area or areas for assistance. This authority is set forth in Code section 7508A. With respect to Hurricane Katrina, the IRS has chosen to give special relief on account of the heavy devastation.

The IRS recently published Notice 2005-73. It summarizes and clarifies the tax relief currently available to taxpayers affected by Hurricane Katrina. This Notice summarizes and expands much of what had been said in news releases issued on August 30, September 2, September 8 and September 14. This relief is in addition to the new special laws included in the Katrina Emergency Tax Relief Act of 2005 (KETRA). These new laws were discussed in the September issue. KETRA provides that any relief provided under code section 7508A shall be for a period ending not earlier than February 28, 2006. Without KETRA, the deadline would have been January 3, 2006.

The primary relief given by the IRS is to extend the time a taxpayer has to file various tax returns and pay the tax owing. In determining whether the performance of a tax act has been timely, the IRS has the authority to grant extensions of up to one year. The IRS has two designations. Those areas with the most severe damage are designated as an area to receive Individual Assistance. Those areas which did not incur as severe damage are designated as an area to receive Public Assistance. The covered disaster area is comprised of those enti-

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IRS Issues 2006 COLAs

IRS Announces Cost-of-Living Adjustments for 2006
The IRS in News Release No. IR-2005-120 Released its 2006 Adjustments as Follows:

	2004	2005	2006
Taxable Wage Base — OASDI Only	$87,900	$90,000	$94,200
SEP and Qualified Plan Maximum Compensation Cap – 401(a)(17) & 404(e)	$205,000	$210,000	$220,000
Elective (Salary) Deferral Limit – 401(k) & SAR-SEP	$13,000	$14,000	$15,000
Elective Deferral Catch-up Limit	$3,000	$4,000	$5,000
SIMPLE Deferral Limit – 408(p)(2)(A)	$9,000	$10,000	$10,000
SIMPLE Catch-up Limit	$1,500	$2,000	$2,500
Highly-Compensated Employees (Compensation as Indexed)	$90,000	$95,000	$100,000
Defined Benefit Limit – Section 415(b)(1)(A)	$165,000	$170,000	$175,000
Defined Contribution Limit – Section 415(c)(1)(A)	$41,000	$42,000	$44,000
SEP Minimum Compensation Threshold – 408(k)(2)(c)	$450	$450	$450
Key Employee Top Heavy — 41(i)(ii)(a)(i)	$130,000	$135,000	$140,000

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tled to receive Individual Assistance and Public Assistance.

What Relief Has the IRS Given to the Affected Taxpayers?

1. There is a postponement until February 28, 2006, for each act listed in regulation section 301.7508A-1(c)(1) and Rev. Proc. 2005-27 for affected tax payers, if the last day to perform the act would otherwise fall on or after August 29, 2005 (August 24, 2005, for Florida affected taxpayers) and on or before February 28, 2006.

Regulation section 301.7508-1(c)(i)(iii) provides the postponement on rules for making certain IRA and qualified plan contributions, making certain distributions, recharacterizing IRA contributions or making a rollover under section 402(c), 433(a)(4), 403(b)(8), or 408(d)(3). Thus the regulation expressly covers rollover to an IRA. For example, if Jane Doe withdrew $8,000 from her IRA on August 25, 2005, (i.e. just before Katrina hit), then her 60-day rollover period would normally have been up in October. This special extension rule gives her until February 28, 2006, to recontribute these funds as a rollover contribution.

Any act not expressly covered by the Regulation may be covered by Rev. Proc. 2005-27. It is 30 pages in length. It lists many tax acts which are postponed. Some examples.

1. Secs. 408(i) and 6047(c): A trustee or issuer of an individual retirement arrangement (IRA) must provide certain information concerning the IRA to the IRA owner by January 31 following the calendar to which the information relates. In addition, IRA contribution information must be furnished to the owner, and Form 5498 filed with the IRS, by May 31 following the calendar year to which the information relates.

CWF Observation. The deadline for furnishing RMD Notices, 2005 Form 1099-R's and January Fair Market Value Statements has been changed to be February 28, 2006.

2. Secs. 401(a)(9), 403(a)(1), 403(b)(10), 408(a)(6), 408(b)(3) and 457(d)(2): The first required minimum distribution from plans subject to the rules in section 401(a)(9) must be made no later than the required beginning date. Subsequent required minimum distributions must be made by the end of each distribution calendar year.

CWF Observation. An IRA accountholder required to take his or her 2005 RMD by December 31, 2005, will have until February 28, 2006, to take such distribution.

3. Treas. Reg. §§ 301.9100-2(b)-(d): An automatic extension of 6 months from the due date of a return, excluding extensions, is granted to make the regulatory or statutory elections whose due dates are the due date of the return or the due date of the return including extensions (for example, a taxpayer has an automatic 6-month extension to file an application to change a method of accounting under Rev. Proc. 2002-9, provided the taxpayer (a) timely filed its return for the year of election, (b) within that 6-month extension period, takes the required corrective action to file the election in accordance with the statute, regulations, revenue procedure, revenue ruling, notice or announcement permitting the election, and (c) writes at the top of the return, statement of election, or other form "FILED PURSUANT TO section 301.9100-2."

CWF Observation. This is the special rule which allows excess IRA contributions to be corrected or recharacterized by October 15th. This deadline does change to be February 28, 2006.

4. If an individual or employer had a tax extension to make a SEP contribution with respect to the 2004 tax year on or before October 15, 2005, then such individual now has until February 28, 2006, to make such contribution.

5. A person set up under a substantially equal periodic payment schedule to receive a distribution during the period of August 29, 2005, to December 31, 2005, would be able to wait until February 28, 2006, if he or she wished to do so.

6. To avoid the imposition of a 10-percent additional tax on a distribution from an individual retirement arrangement (IRA) for a first-time home purchase, such distribution must be used within 120 days of the distribution to pay qualified acquisition costs or rolled into an IRA. The postponed deadline is now February 28, 2006.

7. The deadline for filing certain tax returns otherwise due (originally or on extension) on or after August 29, 2005, (August 24, 2005, for Florida affect-

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ed taxpayers) and on or before February 28, 2006, shall be February 28, 2006.

8. The deadline for paying tax associated with the returns otherwise due (originally or on extension) on or after August 29, 2005, (August 24, 2005, for Florida affected taxpayers) and on or before February 28, 2006, shall be February 28, 2006.

9. The deadline for making tax deposits by a corporation or other employer on a timely basis with respect to returns otherwise due (originally or on extension) on or after August 29, 2005, (August 24, 2005, for Florida affected taxpayers) and on or before February 28, 2006, shall be February 28, 2006. Thus, the IRS has agreed to waive the addition to tax for failing to timely deposit such taxes, if the taxes are deposited by February 28, 2006.

10. There will be no assessment of interested or addition to tax (i.e. a penalty) during the period on or after August 29, 2005, (August 24, 2005, for Florida affected taxpayers) to February 28, 2006. This special relief applies with respect to any interest or addition to tax for failure to file a return or to pay the tax due accruing during such time period. However, if the return is not filed or the tax paid by February 28, 2006, then such interest and tax would start accruing again after February 28, 2006.

11. The due date of any estimated tax payment for tax year 2005 is postponed until February 28, 2006. This applies to individuals, corporations, estates and trusts. No penalties will be assessed for payments which would have been due, as long as such installments are paid by February 28, 2006.

Who Is Entitled to Receive the Tax Relief?

The following individuals and entities qualify as affected taxpayers and are entitled to the Katrina tax relief:

1. An individual whose principal place of residence is located in the covered disaster area;

2. An individual whose principal place of residence is NOT located in the covered disaster area, but whose tax records necessary to meet a filing or payment deadline are located in the covered disaster area;

3. An individual whose principal place of residence is NOT located in the covered disaster area, but whose tax professional or practitioner is located in the covered disaster area;

4. An individual, who while visiting the covered disaster area, was killed or injured as a result of Hurricane Katrina and its aftermath. In this situation, the decedent's estate is considered to be the affected taxpayer.

5. Any spouse of an affected taxpayer, if a joint income tax return will be filed for, or on account of, the couple.

6. Any relief worker assisting in the relief activities in the covered disaster area, even though this person is not affiliated with a government or philanthropic organization;

7. A business entity whose principal place of business is located in the covered disaster area;

8. A business entity whose principal place of business is NOT located in the covered disaster area, but whose tax records necessary to meet a filing or payment deadline are located in the covered disaster area.

9. A business entity whose principal place of business is NOT located in the covered disaster area, but whose tax professional or practitioner is located in the covered disaster area; and

10. Any estate or trust that has tax records necessary to meet a filing or payment deadline in the covered disaster area.

The IRS relief granted with respect to Hurricane Katrina applies to all the counties and parishes listed on page 5. The IRS makes clear that FEMA has the authority to add additional counties and parishes which would be eligible for Individual and/or Public Assistance as a result of the wreckage caused by Hurricane Katrina. An IRA custodian should be on watch to see if new counties or parishes are added.

In the counties and parishes designated for Individual Assistance, relief will be granted automatically, but the IRS strongly encourages the taxpayer to mark or highlight their tax returns in such a way as to inform the IRS of the need for relief. The IRS suggests that the taxpayer should mark "Hurricane Katrina" in red letters on the top of their return or on the top of any other documents as filed with the IRS.

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In the counties and parishes designated to receive Public Assistance relief, such relief is not automatically granted to all taxpayers. The IRS will grant the relief if they are notified of the need for relief. Taxpayers will need to mark their tax returns as discussed above.

Affected taxpayers other than those living in counties or parishes entitled to Individual Assistance or Public Assistance may also be eligible for the tax relief. But they, too, do not receive the relief automatically. They too must inform the IRS they need the special relief. They do so by filing and marking their tax returns as discussed above.

It is to be noted that an affected *taxpayer* entitled to relief may be a person located outside the covered disaster area.

Excerpts from Rev. Proc. 2005-27: Acts Postponed Until February 28, 2006

Appendix

The August 28, 2005, declaration for Florida, as amended on September 6, 1005, covers the following 11 counties designated for **Public Assistance:** Bay, Broward, Collier, Escambia, Franklin, Gulf, Miami-Dade, Monroe, Okaloosa, Santa Rosa, and Walton.

The August 29, 2005, declaration for **Alabama** as amended on September 9 and 11, 2005, covers the following **10 counties designated Individual Assistance:** Baldwin, Choctaw, Clarke, Greene, Hale, Mobile, Pickens, Sumter, Tuscaloosa, and Washington and the following **12 counties eligible for Public Assistance:** Bibb, Colbert, Cullman, Jefferson, Lamar, Lauderdale, Marengo, Marion, Monroe, Perry, Wilcox, and Winston.

The August 29, 2005 declaration for **Mississippi**, as amended on September 4, 6, and 11, 2005, covers the following **47 counties designated for Individual Assistance:** Adams, Amite, Attala, Claiborne, Choctow, Clarke, Copiah, Covington, Franklin, Forrest, George, Greene, Hancock, Harrison, Hinds, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Neshoba, Newton, Noxubee, Oktibeha, Pearl River, Perry, Pike Rankin, Scott, Simpson, Smith, Stone, Walthall, Warren, Wayne, Wilkinson,. Winston, and Yazoo; **and the following 35 counties designated for Public Assistance:** Alcorn, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Clay, Coahoma, DeSoto, Grenada, Holmes, Humphreys, Issaquena, Itawamba, Lafayette, Leflore, Lee, Marshall, Monroe, Montgomery, Panola, Pontotoc, Prentiss, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Washington, Webster, and Yalobusha.

The August 29, 2005 declaration for **Louisiana,** as amended on September 9, 2005, covers the following **31 parishes designated for Individual Assistance:** Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Pointe Coupee, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Mary, St. Martin, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge, and West Feliciana; and the following **33 parishes designated for Public Assistance:** Allen, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Caldwell, Catahoula, Claiborne, Concordia, Desoto, East Carroll, Evangeline, Franklin, Grant, Jackson, LaSalle, Lincoln, Madison, Morehouse, Natchitoches, Ouchita, Rapides, Red River, Richland, Sabine, St. Landry, Tensas, Union, Vernon, Webster, West Carroll, and Winn.

Be Cautious—It Is Not Clear that the Special Katrina Rollover Rules Apply to Roth IRA Distributions

The new Katrina rollover laws do not appear to include Roth IRAs, either as a distributing plan or as a receiving plan. That is, the new law defines the plans from which withdrawals may be made, and also defines the plans into which such funds can be rolled over within the three-year time period. Supposedly, some representatives of Congress have said that they meant to include distributions from Roth IRAs in those distributions entitled to use the three-year rollover period.

Until the IRS issues some additional guidance, this is a "be careful" subject. The IRS, in some cases, will "clarify" the law and adopt a position which may not

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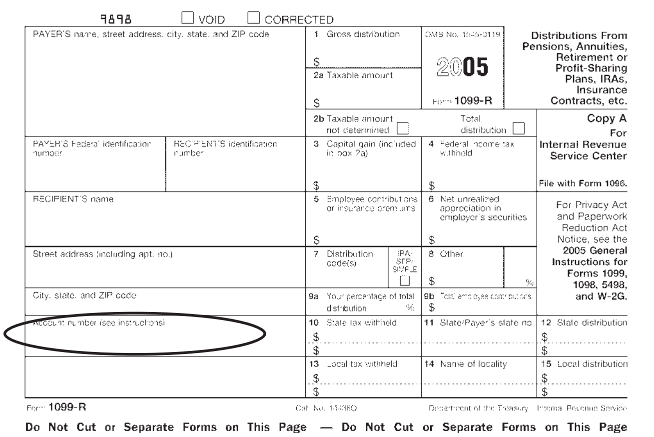
be expressly supported by the statutory law. In other cases, the IRS will conclude that Congress needs to pass a technical corrections tax bill to authorize this law change.

We will keep you informed of the guidance which the IRS provides on this issue. Until the IRS does so, or Congress passes additional legislation, the more conservative approach is to require that the rollover be made within the standard 60-day rollover period.

WARNING: Don't Forget the New Account Number Rules for 1099-Rs and 5498s


9898 VOID CORRECTED

PAYER'S name, street address, city, state, and ZIP code

1 Gross distribution $
2a Taxable amount $
OMB No. 1545-0119
2005
Form 1099-R
Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

2b Taxable amount not determined
Total distribution
Copy A For Internal Revenue Service Center
File with Form 1096.

PAYER'S Federal identification number
RECIPIENT'S identification number
3 Capital gain (included in box 2a) $
4 Federal income tax withheld $

RECIPIENT'S name
5 Employee contributions or insurance premiums $
6 Net unrealized appreciation in employer's securities $
For Privacy Act and Paperwork Reduction Act Notice, see the 2005 General Instructions for Forms 1099, 1098, 5498, and W-2G.

Street address (including apt. no.)
7 Distribution code(s)
IRA/SEP/SIMPLE
8 Other $ %

City, state, and ZIP code
9a Your percentage of total distribution %
9b Total employee contributions $

Account number (see instructions)
10 State tax withheld $ $
11 State/Payer's state no.
12 State distribution $ $

13 Local tax withheld $ $
14 Name of locality
15 Local distribution $ $

Form 1099-R Cat. No. 14436Q Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

Based on calls we have received, we have the idea that some IRA software providers are not aware that there are new IRS rules with respect to preparing the 2005 Form 1099-R and the 2005 Form 5498, if an individual has more than one IRA plan agreement. When a person has more than one IRA with the same custodian, the custodian must list an account number on the 2005 Form 1099-R and /or 2005 Form 5498. It does not matter if a person has one traditional IRA and one Roth IRA, or two traditional IRAs or two Roth IRAs.

Payer's Account Number for Payee in Magnetic Media to the IRS

It is now required that a unique account number positions 21-40 of the "B" record must be assigned to each account being submitted to the IRS FIRE system or via the paper form. This field is now required after being an optional field for many years. This field is 20 characters in length and can be either numeric or alphabetic or a mix.

Enter any number assigned by the payer to the payee that can be used by the IRS to distinguish between information returns. This number must be unique for each information return. If a payee has more than one reporting of the same document type, it is vital that each reporting have a unique account number. For example, if a payer has 3 separate IRA distributions for the same payee from 3 different IRAs and 3 separate 1099-Rs are filed, 3 separate account numbers are required. A payee's account number may be given a unique sequence number, such as 01, 02, or A, B, etc. to differentiate each reported information return. Do not use the payee's TIN, since this will not make each record unique. This information is critical when corrections are filed. This number will be provided with a backup withholding notification and may be helpful in identifying the branch or subsidiary reporting the transaction. Do not define the data in this field in packed decimal format. If fewer than twenty characters are used, filers may either left or right-justify, filling the remaining positions with blanks.

Nebraska Withholding Law Changes

Under 2005 rules, withholding is considered voluntary at the IRA accountholder's request. Most individuals have chosen to not have any state income tax withholding with respect to distributions from 401(k) plans, other pension plans and/or traditional IRAs.

Effective as of January 1, 2006, there will be some distributions to Nebraska residents from which an IRA custodian or other payer will be required to withhold state income tax. Withholding of state income tax is mandatory if the distribution is made to a resident of Nebraska and there is federal income tax being withheld from the distribution, either because such withholding is mandatory, or it was voluntarily elected.

If the distribution is a "nonperiodic" distribution, then the amount required to be withheld for Nebraska tax purposes is 5% of the distribution amount. A distribution entitled to be rolled over is considered to be a nonperiodic distribution.

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If the distribution is a "periodic" distribution, then the amount to be withheld for Nebraska state income taxes will need to be determined by referring to the appropriate payroll period in the 1998 Nebraska Circular EN and by referring to the type of the periodic payment (i.e., monthly, quarterly), together with the applicable withholding allowances and marital status. In general, for periodic payments from a 401(k) plan or an IRA, the withholding is figured in the same manner as withholding from wages.

Health Savings Accounts Limits Increase for 2006

On October 28, 2005, the IRS and Treasury Department issued new guidance on the maximum contributions for Health Savings Accounts (HSAs). In addition, the maximum out-of-pocket spending limits and the minimum deductible amounts for High Deductible Health Plans (HDHPs) have been indexed for 2006.

IRS Revenue procedure 2005-70 includes the following changes for HSAs in 2006. The limits for 2005 are in parenthesis.

Annual HSA Contribution Limits

Self-only Coverage	$ 2,700 ($2,650)
Family Coverage	$ 5,450 ($5,250)
Catch-up Contributions	$ 700 ($600)

Annual Out-of-Pocket Maximums

Self-only Coverage	$ 5,250 ($5,100)
Family Coverage	$10,500 ($10,200)

HDHP Annual Minimum Deductible Amounts

Self-only Coverage	$ 1,050 ($1,000)
Family Coverage	$ 2,100 ($2,000)

HSA contributions and catch-up contributions apply on a pro rata basis for the number of months of the year an individual is eligible on the first day of the month. HSA catch-up contributions apply for those eligible individuals who attain age 55 or more in the year.

Archer Medical Savings Accounts Limits Increase for 2006

IRS Revenue Procedure 2005-70 also adjusted Archer Medical Savings Accounts (MSAs) for 2006. Some of the terms used for MSAs and HSAs are alike; however, the limitations are different. The limits for 2005 are in parenthesis.

Annual MSA Limits –
High Deductible Health Plan (HDHP)

	Annual Deductible	
	Not less than	**Not more than**
Self-only Coverage	$1,800 ($1,750)	$2,700 ($2,650)
Family Coverage	$3,650 ($3,500)	$5,450 ($5,250)

Maximum Out-of-Pocket Expenses

Single Coverage	$3,650 ($3,500)
Family Coverage	$6,650 ($6,450)

Maximum 2006 MSA Contribution

	Minimum Deductible
Self-Only Coverage	$1,170.00 ($1,137.50)
	Maximum Deductible
Self-Only Coverage	$1,755.00 ($1,722.50)
	Minimum Deductible
Family Coverage	$2,737.50 ($2,625.00)
	Maximum Deductible
Family Coverage	$4,087.50 ($3,937.50)

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IRS Guidance—How to Terminate a SIMPLE-IRA Plan

The IRS has furnished the following guidance discussing what needs to be done by an employer to terminate a SIMPLE-IRA plan.

Other than initial establishment, SIMPLE-IRA plans are maintained on a whole-calendar-year basis. Once started for a year, a SIMPLE-IRA plan must continue for the entire calendar year, funding all contributions as promised in the employee notice. An employer can terminate a SIMPLE-IRA plan prospectively, beginning with the next calendar year, after the employer has informed employees that there will be no SIMPLE-IRA plan for the upcoming year.

Example: If, in 2005, an employer decides to terminate its SIMPLE-IRA plan as soon as possible, the employer must inform employees within a reasonable period of time before the 60-day election period ending on December 31, 2005, that there will be no SIMPLE-IRA plan for 2006. For 2006, the employer can establish and maintain another kind of qualified plan for its employees and, if this other qualified plan is not operative in 2007, re-establish a SIMPLE-IRA plan for 2007.

To terminate a SIMPLE-IRA plan, notify the financial institution that you chose to handle the SIMPLE-IRA plan that you will not be making contributions for the next calendar year and that you want to terminate the contract or agreement with it. You must also notify your employees that the SIMPLE-IRA plan will be discontinued.

You do not need to give any notice to the IRS that the SIMPLE-IRA plan has been terminated.

The New Bankruptcy Law—Impact on SEP and SIMPLE-IRAs

Under the new bankruptcy law, a person may claim up to $1,000,000 of IRA funds as exempt from creditors when filing bankruptcy. Funds rolled over from employer-sponsored plans and funds in a SEP or SIMPLE are allowed to be exempted in addition to this $1,000,000 limit.

Although most individuals do not have to worry about exceeding the $1 million limit in their IRA accounts, it may be wise to keep traditional IRA funds and pension and SEP/SIMPLE funds separate. Rolling over pension funds and SEP or SIMPLE funds to a traditional IRA may not be in the person's best interest, as then these funds would be aggregated with any other IRA funds the person may have, to reach the $1 million limit. If the funds were kept separate, the individual could exempt the IRA funds up to $1,000,000, plus the amount in any pension or SEP/SIMPLE plan.

Example #1: Mary Jo has $400,000 invested in a traditional IRA; she also has $800,000 in an employer-sponsored pension plan. If Mary Jo were to declare bankruptcy, even though the total of these accounts equals $1,200,000, the additional $200,000 (the amount above the $1 million exemption amount), would be exempt from creditors, because pension plan funds are allowed to be exempted in addition to IRA funds.

Example #2: Mary Jo terminates her employment and rolls the $800,000 into her existing $400,000 traditional IRA. If Mary Jo were to file bankruptcy, any amount greater than the allowed $1 million exemption would be able to be accessed by creditors. Therefore, Mary Jo would have $200,000 which would not be exempted and could be accessed by creditors to pay her existing debt.

To avoid this result, Mary Jo would need to roll over the $800,000 of pension funds into a separate IRA; keeping these funds separate from her existing IRA. Of course, she could also leave the funds in the employer's plan, and those dollars would then also be an additional exempted amount.

The recent tax law changes basically eliminated the need for a conduit IRA (an IRA which holds only qualified plan funds), but under the new bankruptcy law, for those with large assets, the conduit IRA will again be needed.

CWF will be revising its IRA plan agreements to include this provision of the new bankruptcy law.

Full Retirement Age—SSA

Year of Birth	Full Retirement Age
1937 or earlier	**65**
1938	**65 and 2 months**
1939	**65 and 4 months**
1940	**65 and 6 months**
1941	**65 and 8 months**
1942	**65 and 10 months**
1943-1954	**66**
1955	**66 and 2 months**
1956	**66 and 4 months**
1957	**66 and 6 months**
1958	**66 and 8 months**
1959	**66 and 10 months**
1960 and later	**67**

HOLIDAY HOURS

Collin W. Fritz and Associates, Ltd. will be closed November 24 and 25, Thursday and Friday, so its employees can share the holiday weekend with their families.

Other Important 2006 Social Security Information

Maximum Social Security Benefit: Worker Retirement at Full Retirement Age in	**2005**	**2006**
Note: For retirees born in 1940, full retirement age is 65 and 6 months; for those born in 1941, it is 65 and 8 months. Full retirement age will gradually increase to age 67 for those born in 1960 or later.	$1,939/mo. (Age 65 and 6 months)	$2,053/mo. (Age 65 and 6 months)

Estimated Average Monthly Social Security Benefits Payable in January 2006:	**Before 4.1% COLA**	**After 4.1% COLA**
All Retired Workers	$ 963	$1,002
Aged Couple, Both Receiving Benefits	$1,583	$1,648
Widowed Mother and Two Children	$1,992	$2,074
Aged Widow(er) Alone	$ 929	$ 967
Disabled Worker, Spouse and One or More Children	$1,509	$1,571
All Disabled Workers	$ 902	$ 939

Retirement Earnings Test Exempt Amounts:	**2005**	**2006**
Under full retirement age NOTE: One dollar in benefits will be withheld for every $2 in earnings above the limit	$12,000/yr ($1,000/mo.)	$12,480/yr ($1,040/mo.)
The year an individual reaches full retirement age NOTE: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every $3 in earnings above the limit.	$31,800/yr ($2,650/mo.)	$33,240/yr ($2,770/mo.)

There is no limit on earnings beginning the month an individual attains full retirement age (65 and 6 months for retirees born in 1940; 65 and 8 months for retirees born in 1941).