

Rosen Seymour Shapss Martin & Company LLP
Certified Public Accountants & Profitability Consultants

*Employee Benefits and Executive Compensation Services
Group*

RSSM Alert

Benefit Deadline Reminders

Dear Client and Friends of the Firm:

Below is a list of actions that should or can be taken in the next few weeks in order to meet government regulations and maximize benefits:

By March 15th

- all expenses eligible for reimbursement under a 2007 flex spending arrangement must be **incurred** or you will forfeit the balance in your account for last year. Most flexible spending plans permit individuals to incur expenses through March 15th of the following year and still count them against any balance in their flex spending account. Now is the time to check your 2007 account balance and use any available funds. If the funds are not used by March 15th, you will lose them.
- a plan sponsor must distribute any excess contributions applicable to 2007, and the earnings on those contributions, to plan participants in order to avoid paying a 10% excise tax on the excess. Excess contributions can occur for a variety of reasons, but most commonly because non discrimination testing limits the amount of earnings highly compensated employees are allowed to defer. It is important to do the proper testing and determine if any corrective distributions have to be made before the deadline.

By April 1st

- you must **begin** to take your required minimum distributions from your IRAs, employer qualified plans (e.g. 401(k) and profit sharing plans) and 403(b) plans if you turned 70 ½ year of age during 2007. A limited exception applies to employer qualified plans if you are still working and you do not own 5% or more of the business you are working for. In that case, you can defer taking a distribution from the plan until April 1 of the year following the year in which you retire. But you must still take a distribution from any IRAs you might own. The calculation of your required minimum distribution is affected by the number and type of retirement plans you own and your beneficiary designations. Now is the time to consider your options.

By April 15th

- you must make a contribution to your IRA in order to have it apply to the 2007 tax year. There are various types of IRA plans - traditional, Roth and non deductible - all of which have different requirements and income limitations. If you desire to make a contribution for 2007, now is the time to consider all your alternatives.

Should you have any questions please feel free to contact me at 212-303-1806 or e-mail me at aneumark@rssmcpa.com.

Sincerely,
Rosen Seymour Shapss Martin & Company LLP

Avery E. Neumark, CPA, JD
Partner-in-Charge of Employee Benefits and Executive Compensation

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