

FULL Coverage

2006

Partner's Message

HAPPY BIRTHDAY! 2006 marks Fifteen years for Kral Goodenough Kral. Many exciting changes took place in 2005 at KGK. Jackie Kral, who celebrated nine years of service, became a partner. Congratulations to our newest, youngest owner.

Susan Ratzki joined the firm as pension administrator. Susan comes to us from ADP where she managed the larger case unit. She graduated from the University of Illinois with a degree in Economics and Psychology. Along with assisting us with the 401(k) Administration, Susan is also our participant loan and plan distribution specialist. Welcome to the team, Susan!

2005 saw the addition of our smallest, newest member. KGK along with Jackie and husband Joe Bochenski welcome Hanna Elena Bochenski who arrived December 16, 2005 at 7 lbs 7oz. Hanna's a delight and is a beautiful, happy girl. We're preparing her office now!

On a sad note, Terry's Dad, Henry (Hank) Kral passed away in December. At 93 years of age Hank was an avid golfer, pool shark, and kept up on politics and current events. His ethics and integrity leave a lasting legacy and helped form the cornerstone of KGK's mission and policy.

On the benefits front, many changes are in the air, some of which we highlight later in this newsletter. Consumer Driven Health Care is the new buzzword. While Pension Reform legislation is still on the docket, it remains to be seen how much is adopted in this election year. Many of the reforms and tax cuts instituted by EGTRRA expire after 2010, including the Estate Tax repeal, 529 taxation, Roth 401(k) and Catch up Contributions. For 2006, 2007, and 2008 the maximum Estate that can be passed on to heirs without taxation is limited to \$2,000,000. In 2009 the limit is \$3,500,000, in 2010 unlimited, and in 2011 the limit goes back to \$600,000. There are new regulations for Split Dollar Plans as well.

KGK also implemented a new phone system so that you can access us directly much quicker by simply dialing our individual extensions. You will always have the option of speaking with a live person during our business hours by dialing 0. One of the things we pride ourselves on at KGK is the availability of the depth of our experience. If the person you are trying to reach is not in when you call, you may ask to speak to someone else to assist you.

Does your Life Insurance need a Tune Up?

Just like a car or a furnace, insurance policies need to be reviewed and adjusted periodically. Most policies are seldom reviewed after purchase. Needs and situations change. Insurance carriers change, de-mutualize, and consolidate. All of these items impact your insurance policies. Some things to periodically review include:

- Beneficiary arrangements - have you unintentionally disinherited a family member?
- Has your health improved (stopped smoking, lost weight, etc.)?
- Have you refinanced or taken on more debt?
- Will your policy last as long as you?
- Is your term coverage approaching the end of the policy life?

These are just some of the things we examine in reviewing your life insurance policy. At KGK, we offer to review your present insurance portfolio and needs by providing a Comprehensive Insurance Audit Report. Modern insurance policies can greatly reduce premium outlay while guaranteeing coverage beyond age 100. Term life costs have reduced by as much as 50%. To take advantage of cost savings and avoid unintentional outcomes do not leave your policies unattended until needed. For more information give us a call.

KGK New phone Extensions

Terry	413	Janet	408	Maureen	404
Randy	410	Michelle	406	Heidi	402
Larry	409	Nancy	403	Susan	405
Jackie	407				

INTRODUCING VALMARK SECURITIES, INC.

You may have noticed on our cards or stationery the addition of ValMark Securities, Inc. in Akron Ohio. ValMark is an independent broker dealer that Kral Goodenough Kral became associated with in 2001. While Kral Goodenough Kral is an independent separate entity from ValMark, we work closely with the folks at ValMark for our clients' stock and bond trades, retirement plan funding, and life insurance sales. They provide us with a clearing firm for securities (RBC Dain Rauscher) and supervision required under NASD and SEC requirements.

ValMark also provides us with diverse investment opportunities, including Brokerage, Money Managers, Real Estate Investments, Life settlements, varied annuity markets, and a new allocation product called "TOPS." (See article following).

ValMark Securities has been great to work with and we feel they uphold the same ethics, integrity, and care for the client that we espouse at KGK.

Route To:

				
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What are all those Designations anyway?

Several years ago we ran a popular article about all the alphabet soup after our names. To us all these letters represent our commitment to hard work and ongoing continuing education. To you these letters are assurance that you are working with professionals who are experts in their respective fields.

CBC, Chartered Benefit Consultant. Conferred by the National Association of Alternative Benefit Consultants, it consists of one exam that is specifically focused in the area of Consumer Driven Health Plans. Larry holds this designation.

CEBS, Certified Employee Benefit Specialist. Sponsored by the International Foundation of Employee Benefits, the CEBS consists of ten exams covering all areas of employee benefits from group health and welfare benefits to various retirement programs. Jackie holds this certification.

CFP, Certified Financial Planner. Awarded by the College of Financial Planning in Denver, Co., it requires the successful completion of six exams in the areas of insurance, risk management, investment planning, taxation, retirement planning and estate planning. Terry holds this certification.

CLU, Chartered Life Underwriter. Conferred by the American College, the CLU requires the successful completion of ten exams in basic insurance law, actuarial studies, insurance ratemaking, retirement, estate planning, taxation, accounting, economics and ethics. Larry and Terry hold this designation.

CPA, Certified Public Accountant. Most are familiar with this designation. This is a multi day examination conferred by the American Society of Certified Public Accountants. A small percentage of examinees pass in the first sitting. Randy holds this designation and is one of the few who achieved the designation on her first attempt.

CPC, Certified Pension Consultant. Awarded by the American Society of Pension Professionals and Actuaries (ASPPA), this designation involves several exams and reviews all aspects of retirement plan compliance & administration. Randy holds this designation. Jackie is working towards this designation.

CSA, Certified Senior Advisor. Conferred by Society of Certified Senior Advisors, it consists of one exam that addresses the health & financial issues that seniors face. Michelle holds this certification.

QKA, Qualified 401(k) Administrator. This designation is given by the ASPPA, and consists of one exam specifically focused in 401(k) administration. Jackie and Randy hold this certification.

QPA, Qualified Pension Administrator. Presented by the ASPPA, this designation includes three exams covering compliance issues for retirement plans. Jackie and Randy hold this certification.

Securities offered through ValMark Securities, Inc.
Member NASD, SIPC

Investment Advisory Services offered through
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Kral Goodenough Kral is a separate entity from ValMark Securities, Inc.

Consumer Driven Health Care: What is all the fuss about?

KGK is proud to be a leader in assisting our clients with the implementation of Consumer Driven Healthcare Plans.

Consumer Driven Plans utilize higher Deductible Health Care policies coupled with a first dollar reimbursement scenario, such as a Health Savings Account (HSA) or a Health Reimbursement Arrangement. (HRA)

What is an HSA?

A Health Savings Account is established by an individual to pay medical expenses on a tax favored basis. Contributions are tax deductible and eligible distributions are Tax-Free. This scenario follows strict regulations and can be carried over from year to year.

What is an HRA?

The Health Reimbursement Arrangement scenario is similar, but is established by an employer and is a promise to reimburse medical expenses falling under a deductible. We have clients who have reduced their overall health care outlays by up to 60%.

For a complete explanation or a comprehensive analysis of your specific situation, give us a call.

TOPS Investment

TOPS - The Optimized Portfolio System is a Money Management program which uses Exchange Traded Funds and allocation models covering a variety of investment objectives. The TOPS program offers a range of portfolios to choose from that can be customized to the client's objectives. It is monitored, updated, and rebalanced for the client. Quarterly Performance reporting is provided. ValMark was instrumental in developing this system. We're very excited about this program and impressed with its performance and growth so far. Minimum initial investment is \$250,000. For more information and prospectuses call Randy or Jackie.

Roth 401(k) Provision

Recent legislation allows a Roth 401(k) provision to be added to 401(k) Plans effective January 1, 2006. Adding this provision is optional. It requires an amendment, communication to the employees, and revised paperwork.

The Roth feature allows employees to choose whether their contributions are pre-tax or after tax. If the contribution is a Roth 401(k) contribution it is deducted from the employee's paycheck on an after tax basis and when withdrawn from the plan, it is tax free (subject to restrictions). The taxation of the Roth 401(k) provision is set to expire in 2010. Employees can divvy up their \$15,000 limit as traditional 401(k) contributions, Roth contributions or a combination of both (as long as the \$15,000 is not exceeded).

This may provide some planning opportunities. If you are in a minimum tax bracket, or a maximum tax bracket with substantial income, this may be a **good** tool for you. If you are in between the minimum and maximum tax brackets, you may be better off taking a current tax benefit versus a promised tax benefit. Call our office for more information.

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