The Swerdlin Quarterly

Swerdlin & Company
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1999 Qualified Plan Limits

The following table summarizes the various limits affecting qualified plans for plan years beginning on or after January 1, 1999. We will be mailing out our quick-reference plan limit cards soon.■

	1997	1998	199
Maximum Annual Benefit (DB)	$125,000	$130,000	$130,
Maximum Annual Addition (DC)	$30,000	$30,000	$30,
Maximum 401(k) Deferral	$9,500	$10,000	$10,
Maximum 457 Deferral	$7,500	$8,000	$8,
Compensation Limit	$160,000	$160,000	$160,
Highly Compensated Employee	$80,000	$80,000	$80,
Social Security Wage Base	$65,400	$68,400	$72,

IN THIS ISSUE

Dorn's Corner *brings you Season's Greetings*

As the close of 1998 approaches, it's time for me to make my declaration for 1999. I hereby declare 1999 as the Year for Trust. This significant year brings a lot of excitement for what is to come in the next century and millennium. It can also bring a lot of fear since people are generally afraid of change.

We may have some things to fear at the turn of the century such as the Y2K problem as well as the various prophecies over thousands of years which portend all kinds of disasters (e.g., Armageddon).

Regardless of what actually happens, I personally believe the human race will not only come through it, but be better off for having been through it. This belief requires trust; trust in ourselves, trust in others, and most importantly, trust in the unfolding of life. Life has a timing of its own which may not coincide with our individual timing preferences. When things don't work out as we hope, we need to trust in the bigger cycles of life which we don't always understand.

(Continued on page two)

Dorn's Corner

(Continued from page one)

To me, the coming of the new millennium is the most exciting event ever.

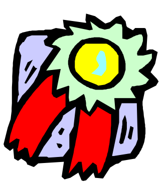
I trust in new beginnings; I trust in increased consciousness for mankind; I trust in abundance for all on earth.

What's Happenin'

Congratulations to Stephanie Davis whose logo design for Women In Pensions (WIPs) won first prize. Stephanie also designs the great layout for our newsletter each quarter.

Welcome to three new employees: JoAnne McCurdy and Trey Stephens join us as Pension Administrators and Kathy Sanders as an Administrative Assistant.

Donna Martin recently completed The Dale Carnegie Course, a personal development program. During the twelve week program, Donna received two Achievement awards.



Nine of our employees participated in the annual AIDS Walk Atlanta, and raised over $900.■

FAQ

Frequently Asked Questions

Q If I have a confidential conversation with my attorney, our conversation is protected by the client-attorney privilege. When I talk to my tax professional, is that conversation also protected?

A Yes. The IRS Reform Act has extended the client-attorney privilege to include any professional authorized to practice before the IRS. This includes actuaries, accountants and enrolled agents.

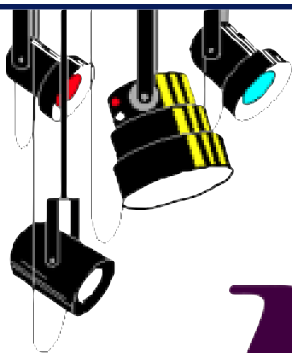
This protection only applies to non-criminal matters. For example, discussions about plan funding, qualification, or tax deductions would be protected. This privilege is limited to proceedings before the IRS and on tax issues in federal court. It does not apply to other agencies such as the Department of Labor, Pension Benefit Guaranty Corporation or state courts.

Q I have a new employee who is making salary deferrals to our plan for the 1998 plan year. He also contributed to his prior employer's 401(k) plan during this year. Is the $10,000 annual maximum deferral per plan or per employee? Who makes sure he does not exceed the maximum?

A The $10,000 maximum is applied on an individual basis, no matter how many plans he may contribute to during the year. It is the employee's responsibility to ensure that he does not defer more than the maximum in a year. If he exceeds the maximum, it is reflected on his W-2 forms, and the excess is taxable income.

Q Has Swerdlin & Company addressed the Y2K issue?

A Yes. All of our software used for producing reports and performing required plan testing has already been updated for the year 2000.■



FEATURING . . .

our client of the quarter

miller INDUSTRIES, INC

We're proud to present Miller Industries, Inc., our first featured client. Miller is one of our daily 401(k) clients.

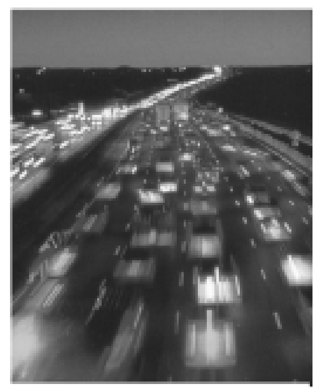
Presenting one of our clients each quarter will be a regular feature in The Swerdlin Quarterly. Please let us know if you would like to be featured as our Client of the Quarter.

Miller Industries is the world's largest integrated provider of vehicle towing and recovery equipment, systems and services. They have their executive offices in Atlanta, Georgia and manufacturing operations in Tennessee, Pennsylvania, France and England.

The company markets its towing services under the national brand name RoadOne™ and its towing equipment under a number of well-recognized brands. Their vehicles are sold through a North American network of more than 150 distributors serving all 50 states, Canada, Mexico, and over 50 other distributors serving foreign markets. With recent acquisitions in the Southeast and Southwest, RoadOne™ now operates in 52 of the top 209 markets in the country. Their goal is to have one owned towing services company in each of these 209 top U.S. cities.

Miller Financial Services Group markets financial products through the Company's distributors to end-users.

The company has experienced phenomenal growth with the number of employees increasing from approximately 300 to over 3,500 in the last year.■



Leveraged ESOPs and Code Section 415 Limit

Leveraged ESOPs are established by the plan securing a loan to purchase employer stock. As the employer repays the loan, the payments are considered plan contributions. Therefore, these contributions fall under the definition of annual additions as defined in IRS Code Section 415. This section specifically defines annual additions as:

- Employer contributions
- Employee contributions
- Forfeitures

Section 415 goes on to limit the amount of annual additions credited to a participant's account within a plan year to the lesser of 25% of compensation or $30,000.

Since loan payments from leveraged ESOPs are mandatory, they can create 415 excesses, especially if the employer has another qualified plan. For example, if the employer has a 401(k) plan, an employee defers 12% of compensation and the employer makes a 6% matching contribution, the participant has already accumulated 18% of compensation in annual additions. Depending on the total amount of loan payments made to the ESOP, the contribution can easily exceed 10% of the participant's compensation; consequently pushing the employee's annual additions over the 415 limit. The plan document tells you how to correct excess annual additions. Failure to make these corrections can affect the qualified status of the plan.

Leveraged ESOPs can offer higher tax deductions to employers and accelerated company ownership opportunities to employees. ESOPs in general can be a great benefit to both employers and employees, but because of the uniqueness of their design (especially leveraged ESOPs), you must consider many factors prior to their installation. Careful plan design can save you time and money down the road and create a successful retirement plan for everyone involved.■

The Swerdlin & Company Plum Team (left to right):
Rebecca Drumm, Lisbet Flaxman, Jayne Cormier, Stephanie Davis

www.swerdlin.net

We have jumped on to the information superhighway bandwagon and created a web site for Swerdlin & Company. We hope our web site becomes a valuable resource for answering your benefit questions.

The address for our site is www.swerdlin.net.

Our web site contains information about Swerdlin & Company such as our history, our business philosophy and our services. A Swerdlin & Company photo album is under construction. Soon you will be able to put faces with our Swerdlin personnel.

Current and past issues of The Swerdlin Quarterly and links to other employee benefits resources are included. A search engine built into our site can also help you query a specific subject of interest.

Our web site was created and is maintained in-house. If you have comments or suggestions, please contact our webmaster at webmaster@swerdlin.net.■

Do You Have an Investment Policy?

Phenomenal stock market results over the past few years lulled many plan sponsors and participants into complacency. As a result of great returns, few people worried about monitoring their investment managers. However, the recent volatility in the market may mean it's time to get refocused on your investment goals.

As a trustee, you are responsible for providing clearly stated objectives to your investment manager. You are also responsible for monitoring the manager to be sure your objectives are being pursued and met. A Retirement Plan Investment Policy is a tool for establishing your objectives and providing a way to measure performance.

A written investment policy identifies the following:

- Long-term goals
- Portfolio performance benchmarks
- Asset category performance criteria
- Risk criteria
- Unacceptable investments

Be proactive with your long-term investment goals, not reactive to the short-term market. If you don't already have an investment policy in place, contact your investment manager for assistance.■

We can help you with the following services:

- Actuarial Consulting
- Plan Consulting and Design
- Plan Installation
- Annual Administration
- Employee Communication
- Regulatory Compliance
- Educational Presentations
- Special Studies

We are dedicated to making your employee benefit program a tool for reaching your organizational goals.

We provide services for:

- Profit Sharing Plans
- 401(k) Plans
- Money Purchase Plans
- Target Benefit Plans
- Defined Benefit Plans
- ESOPs
- Age-Weighted Plans
- New Comparability (Cross-Tested Plans)
- TSAs/403(b)/457 Plans
- Comprehensive Employee Benefit Statements
- Supplemental Executive Programs.

Give us a call to discuss how we can help you make the most of your employee benefit program.

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Need to Find a Terminated Participant?

In a previous Swerdlin Quarterly, we told you how to find a missing participant through the IRS. Now you can try locating them through the Internet. Here are some addresses:

http://search.pbgc.gov
This Pension Search Directory was created by the PBGC, and it includes names of participants in terminated defined benefit plans, who may be entitled to a benefit.

The following will provide possible addresses, however, you may have a problem if you are searching for a common name.

www3.switchboard.com
www.555-1212.com
www.four11.com
www.stpt.com
www.att.com
www.whowhere.com
www.infospace.com

Another service will provide an address if you have the social security number, but may charge up to $21.95 depending on the number of inquiries. Go to www.21cr.com for details.■

The Swerdlin & Company Red Team (left to right):
Standing: Sonja Starks, Kim Hall, Donna Martin
Seated: Mara Boyack, Susan Petrirena

Year End Reporting Requirements

Forms 1099-R

Forms 1099-R must be issued for ALL distributions of more than $10 from your retirement plan during the 1998 calendar year. This includes:

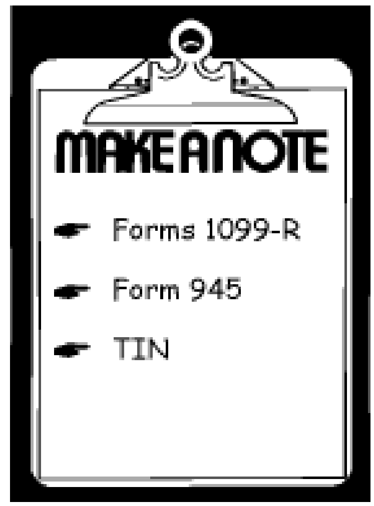
- Hardship Distributions
- Age 70 ½ Distributions
- Distributions to terminated participants, including:
  - Rollovers
  - Direct transfers to an IRA or another qualified plan
  - Cash payments
- Return of excess salary deferrals and excess contributions to 401(k) plans
- P.S. 58 costs - (the portion of the premium on life insurance policies paid by the plan and considered taxable income to the participant)
- Defaulted loans - (a loan is considered in default for 1998 if any payment due prior to October 1, 1998 is not paid by December 31, 1998).

Form 945

Form 945 must be filed annually to report all federal income taxes withheld from distributions to plan participants during the calendar year.

Trust Identification Number (TIN)

An identification number for the Plan's trust must be used on all IRS forms to report distributions and related tax withholding. This number should also be used as the identifying number on all plan investments and brokerage accounts. If your plan does not have a TIN, you should complete and submit Form SS-4 (Application for an Identification Number). The IRS will issue a number and a Federal Tax Deposit coupon book (Form 8109) to be used when depositing non-payroll tax withholding.■



Swerdlin & Company New Employees (left to right):
JoAnne McCurdy,
Kathy Sanders,
Trey Stephens