

FlexConnect Announcement

Effective September 30, 2008, Insurance Coordinators of Montana, Inc. (ICMI), a subsidiary of Blue Cross and Blue Shield of Montana (BCBSMT) purchased the FlexConnect service area from us. In coordination with the sale, we entered into a management agreement to continue to provide services on behalf of ICMI creating a seamless transition to clients. This arrangement will allow us to continue to work with all our valued clients and participants in a similar fashion as before the sale.

FlexConnect provides plan design and administration for flexible spending accounts, also known as cafeteria plans, Section 125 plans, Medical Reimbursement Plans, and Health

Reimbursement Arrangements. The purchase will add to the selection of services available from ICMI and BCBSMT and allow them to bundle Flex plan administration with other ancillary products to provide a complete package for employers.

Only the FlexConnect division of EBR was involved in the sale. All pension administration, Recordkeeping and consulting as well as human resource consulting will remain with Employee Benefit Resources, LLP.

Read more about the sale of FlexConnect at www.ebrworld.com.

Pension Update

DOCUMENT CHANGES ON THE HORIZON

The one constant in the pension world is that the rules will change. Congress and the IRS seem to believe the laws governing retirement plans frequently need revising. And when those laws change, your plan documents must change. Due to a number of recent changes in the law, your plan will need to be amended several times in the next couple of years.

The first of these amendments relate to the final regulations under Internal Revenue Code Section 415. Those regulations are effective for plan years beginning on or after July 1, 2007 and all retirement plans must be amended to reflect the new rules. For calendar year

DOCUMENT CHANGES ON THE HORIZON (CONT)

plans, this means your plan will need to be amended by December 31, 2008. If we provide your plan documents, we will be in touch with you shortly regarding amending your plan for these regulations.

The next set of amendments that must be adopted reflect provisions enacted as part of the Pension Protection Act of 2006 (PPA). These amendments must be done by the end of the 2009 plan year. For calendar year plans, this means your plan will need to be amended for PPA by December 31, 2009.

Then, there are the amendments required by the Heroes Earnings Assistance and Relief Tax Act of 2008 (the "HEART Act"). These amendments must be done by the end of the 2010 plan year. For calendar year plans, this means your plan will need to be amended for the HEART Act by December 31, 2010.

In addition to these amendments, the IRS is requiring that all qualified retirement plans be restated in their entireties to reflect all of the changes made by the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) and certain laws adopted after EGTRRA was enacted. The exact timing of when plans must be restated varies by plan, but the bulk of the defined contribution plans must be restated by April 30, 2010. Defined benefit plans have a later deadline. Because of the large volume of plans needing restatement, we will begin to restate plans starting later this year.

If you sponsor a 403(b) plan, rather than a qualified retirement plan, your plan must be restated by December 31, 2008. If EBR provides the documents for your plan, we will be contacting you shortly to begin that restatement process.

We realize that these are a lot of changes in a very short period of time. If we provide the documents for your plan, we will try our best to make amending and restating your plan as painless for you as possible. In the meantime, if you have any questions regarding these changes, or if we can be of any other assistance, please contact us.



Helena Office
828 Great Northern Blvd. • P.O. Box 1193 • Helena, MT 59624-1193
406.449.5500 • 1.800.765.9429 • fax: 406.442.5089

Billings Office
1601 Lewis • P.O. Box 1784 • Billings, MT 59103-1784
406.652.5678 • 1.800.765.9429 • fax: 406.294.6927

www.ebrworld.com