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November 10, 2004

Re: 2005 Cost of Living Increases

Dear Clients and Other Friends:

The IRS has announced the cost of living adjustments for the various dollar limits that will apply to qualified plans during 2005. Some of the more frequently applied limits are listed below:

	2004	2005
Qualified Plan Annual Compensation Limit	\$205,000	\$210,000
401(k) Plan Maximum Elective Deferral	\$ 13,000	\$ 14,000
401(k) Plan Catch-Up Limit	\$ 3,000	\$ 4,000
Defined Benefit Plan Maximum Annual Pension	\$165,000	\$170,000
Defined Contribution Plan Maximum Annual Addition	\$ 41,000	\$ 42,000
Highly Compensated Employee	\$ 90,000	\$ 95,000
Social Security Taxable Wage Base	\$ 87,900	\$ 90,000

If you have any questions about the 2005 limits or any other matters, please call us.

Very truly yours,

Anthony R. Battles

ARB/hgn