

ACEC

AMERICAN COUNCIL OF ENGINEERING COMPANIES

of Indiana

ACEC Indiana Short List

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New Tax Law Impacts Retirement Plans this Year and Beyond

2006 ACEC Annual Recognition Awards

These awards were presented at ACEC Indiana's luncheon on November 9, 2006:

Public Service

Awarded to:

Governor Daniels

For his visionary leadership on Major Moves.

Consulting Engineer of the Year

Awarded to:

Richard O'Connor

RQAW Corporation

Sagamore of ACEC Indiana

(Associate Member of the Year)

Awarded to:

Patrick Long

Indiana Chapter-American Concrete Paving Association

Congratulations to all!

Back in August, President Bush signed the *2006 Pension Protection Act*, a massive tax bill that makes permanent some important retirement savings incentives that benefit almost everyone and creates some new ones.

Permanent retirement savings incentives: If you've been making higher contributions to IRAs, 401(k)s and similar arrangements, catch-up contributions, and enjoyed greater portability, you've benefited from enhanced retirement savings incentives enacted five years ago by Congress under the *Economic Growth and Tax Relief Reconciliation Act of 2001* (EGTRRA). All of its tax breaks were to expire but the new law extends them permanently. Listed below are some highlights:

Higher IRA contribution dollar amounts: The amount that you can contribute annually to an IRA is gradually raised. In 2006, it is \$4,000.

Higher dollar limits on defined contribution plans: If you have a 401 (k), 457 or

similar plan, the new law makes permanent the higher dollar limits on defined contribution plans (\$44,000 in 2006) as well as elective deferrals for 401(k)s, 457s and SIMPLE plans.

Catch-up contributions: In 2006, individuals age 50 and older are allowed to make an additional catch-up contribution of \$1,000 to an IRA and \$5,000 to a 401(k).

Roth 401(k)s: These are similar to Roth IRA's. Depending on your income and where you are at in your work life, Roth 401(k)s can be a valuable addition to your retirement portfolio and the new law makes them permanent.

New and enhanced incentives starting in 2007: You can ask the IRS to deposit your tax refund into an IRA. Also, non-spousal beneficiaries can roll over their interests in a qualified retirement plan, government plan or tax-sheltered annuity to an IRA. Lastly, IRA and 401(k) providers are allowed to offer personalized investment ad-

vice.

New simplified annual return filing requirements: For each plan year, a plan administrator of the pension or retirement plan must file with the Department of Labor's Pension and Welfare Benefits Administration (PWBA) an annual return containing certain information with respect to the plan. For plan years beginning January 1, 2007, the IRS and PWBA must provide for the filing of a "simplified" annual return for a retirement plan that covers fewer than 25 employees. It is meant to encourage small employers to provide retirement benefits for their employees.

Again, this is only a highlight of some of the changes in the new tax law. Consult with your advisor for more information about how it affects you and your firm.

Submitted by RJ Pile, LLC

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BUSINESS SAVVY CPAs

2007 Indiana General Assembly Officially Convenes! Several Issues Lay Ahead for ACEC Indiana

The legislative session for 2007 officially began on Organization Day in November. Representative Pat Bauer (D-South Bend) was elected Speaker of the House and Senator David Long (R-Ft. Wayne) was elected Senate President Pro-Tempore. Senate Committee Chairpersons have been named, including Senator Tom Wyss (R-Ft. Wayne) to the Homeland Security, Transportation & Veterans Affairs Com-

mittee, and Senator Beverly Gard (R-Greenfield) to Energy & Environmental Affairs. House Committee Chairpersons were also named, including Rep. William Crawford (D-Indpls.) to Ways & Means, and Rep. Terri Austin (D-Anderson) to Roads & Transportation.

Issues expected to impact the Built Environment include the Indiana Commerce

Connector, the 2007-2008 State Budget, Registration of Interior Designers, and Property Tax Reform to name a few.

Our Government Affairs Committee is already at work with ACEC staff and lobbyists to assess these issues and start reviewing bills. You can help by becoming a Grass Roots Contact! Go to www.acecindiana.org to sign up!