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Dear Clients,

This is our annual reminder to include health insurance and long-term care insurance amounts on W-2's for 2% S Corporation shareholders and their related parties. The following family members employed by the company are considered to be related parties: spouse, children and their spouses, grandchildren and their spouses and parents. The reported amount must include premiums for the employee and any dependents. Any of the shareholder's siblings are not covered by these reporting rules. Adding the amount of the insurance to a W-2 does not increase tax liability to the company, shareholder or the related parties. On the contrary, this is the only way to correctly receive an income tax deduction for the insurance. Attached please find additional information on this subject.

Please feel free to let us know if you have any further questions or if you would like for us to review the W-2's before they get finalized.