

CLIENT UPDATE



Open House!

Thursday, October 6, 2005

4:00 PM to 7:00 PM

2316 Sweet Parkway Road
Decorah, Iowa 52101

Please join us as we celebrate our new building in the Decorah Business Park!

For more information on HSAs, contact Rachel Narum at rnanarum@midwestbenefits.com or 800/344-3766.

MIDWEST GROUP BENEFITS HSA UPDATE

Ten months ago, in January 2005, Midwest Group Benefits began offering HSAs as a part of their benefits packages. The response was overwhelming.

MGB partnered with Enterprise Bank and Trust to offer HSAs. Enterprise is a \$2+ billion bank headquartered in St. Louis, MO. Enterprise is publicly traded on NASDAQ under EFSC. It was one of the first banks in the Midwest to offer health savings accounts, with HSA deposits totaling 40 million.

To date, MGB holds the largest number of HSA accounts at Enterprise. These clients have nationwide use of a MasterCard Debit Card for withdrawals, competitive above-market tiered interest rates, access to their accounts on-line, year-end tax reporting and dedicated, friendly customer service.

In addition, Enterprise Bank will soon be offering investment options for the HSA accounts through Schwab.

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Referrals

We believe our firm is the most professional provider of employee benefits programs in the business. Our knowledge, ability and service are second to none. Our best new clients are those referred by you. If you know someone that might use our services call us or tell them to call us. It's as simple as 800/344-3766.

Thank you,

Rock Tuchek, President

Self-Funding 101

Do you ever wonder if self-funding might be right for your company?

Are you currently self-funded, but need a refresher on what it means?

Introducing...

A self-funded presentation developed and presented by Midwest Group Benefits. Midwest Group Benefits' staff are experts in self-funding and fully insured products, and can help you answer your questions and decide what is best for you and your employees.

To schedule a presentation, contact Andrea Wilkerson at 800/344-3766 x112 or awilkerson@midwestbenefits.com.

Midwest Group Benefits, Inc.

P.O. Box 408
Decorah, IA 52101

Phone: 563/382-9611
Toll Free: 800/344-3766
Fax: 563/382-9613
Email:
info@midwestbenefits.com

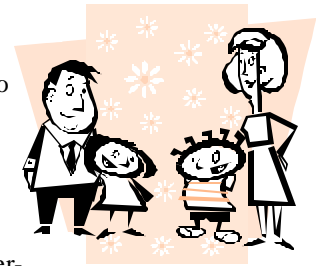
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www.midwestbenefits.com



Midwest Group Benefits
"specializing in employee benefits"

DEPENDENT OR NOT?

In 2004 the Working Families Tax Relief Act was enacted. It changed the definition of a dependent found in IRC Section 152. To be recognized as a qualifying child, a person must fill each of the following requirements: (1) Must be the taxpayer's child or step-child, foster child, sibling or step sibling, or a descendant of one of these. (2) Must have the same principal residence as the taxpayer for over 50% of the year. (There are a few exceptions to this.) (3) Must be under age 19 or under age 24 if a full-time student, or be permanently and totally disabled. (4) Must not have provided more than 50% of his or her own support.



There are a few additional requirements. In order to be considered a qualifying child, the person must be a US citizen or national, or a resident of the US, Canada or Mexico. (There are exceptions for certain adopted children.) In addition, if married, the person must not have filed a joint return for the year unless it was filed only as a claim for a refund and no tax liability existed for either spouse had they filed separate returns.

How do these new rules differ from the old? One big difference is that the child must reside with the taxpayer for over half of the year. Another difference is the change in the way support is determined. It used to be based upon the taxpayer providing over half of the child's support; now it is based on the child providing over half of his or her own support. It sounds like a minor difference, but one to be aware of.

What difference does this make to you, the employer? **If the limiting age for dependent children in your plan is over 19 (or 24 for full-time students), those benefits are taxable.** If you have questions on this please contact Loren Kiel at 800/344-3766 or mbi@midwestbenefits.com.

MEET THE STAFF: RACHEL NARUM

I have been employed at Midwest Group Benefits, Inc. since March of 1999. The previous year I graduated from Luther College with an undergraduate degree in Accounting. It was a great experience as a "non-traditional" student. In 2000 I passed the CPA exam and earned my certificate as a Certified Public Accountant.

My duties at Midwest Group Benefits, Inc. have certainly evolved since I started in 1999. The core of my responsibilities has always been Flexible Benefits Administration, but with recent legislation we have added Health Reimbursement Arrangements and Health Saving Accounts as benefit options. There have been many changes to the rules and regulations in benefit administration which makes my job challenging. It is also very rewarding when we can assist, inform and educate our clients and their employees.

The staff at Midwest Group Benefits is truly my second family. We have a **great** group of people that work well together, which makes coming to work (especially in our NEW office) enjoyable.

On a personal note, my husband Jim and I live in Mabel, MN and have two grown children, Trevor and Melissa. Trevor, his wife Jessica and our granddaughter live in Lake City, MN. Melissa lives and works in Minneapolis. In my free time I enjoy walking, golfing, watching Minnesota Gopher football and my new favorite hobby is spoiling our ten month old granddaughter Emma!

I value the relationships that I have built with our clients and look forward to our future endeavors.