



Kravitz is pleased to introduce...

### **FIXED FEE BILLING!!!**

We have heard you! We are making changes to our billing process to better meet your needs. We are aware that an absolutely predictable invoice would be ideal; however, this is not possible given that each Plan and each Client requires different services year-to-year. Our approach as outlined below is an exciting step in that direction.

### **NORMAL RECURRING SERVICES (NRS)<sup>(1)</sup>**

*Now a predictable fixed fee!*

Your **NRS** fee for each Plan Year<sup>(2)</sup>, which is typically billed during the following year, is noted on our invoices, and it is based upon your Plan's features and number of eligible employees. This fee is reviewed each year and adjusted for current plan services, including the number of participants in the plan.

- **NRS** typically includes:
  - Calculating the annual contribution
  - Performing IRS nondiscrimination testing
  - Filing Form 5500
  - Filing PBGC Form 1 (if required for a defined benefit plan)
  - Day-to-day questions
  - One annual meeting
  
- **This essential group of services that are performed for your plan each year will now be billed in four predictable installments.**

### **OTHER SERVICES**

*Varies based on your needs.*

These services, noted in the second billing category on your invoice, go *beyond* the parameters of Normal Recurring Services and vary significantly by Client and Plan. As a rule-of-thumb, these fees typically range from 20% to 30% of the NRS fee. However, these fees can be more if there are frequent plan amendments, contribution estimates, etc.

- These services include those that we perform automatically as required by your Plan. Examples are:
  - Preparing amendments required by the IRS
  - Preparing participant notices mandated by the IRS/Department of Labor
  - Processing withdrawals and loans
  - Preparing income tax withholding forms, etc. for distributions
  - Correcting data or trust errors



- In your engagement letter/service agreement we list many of these customary **transaction services** and the fees associated with them. A certain number of these services do have fixed fees.
  
- In addition, there are consulting services *that you may request*. These include:
  - Plan design studies
  - Plan amendments to modify the plan design
  - Calculating estimated contributions for current and future plan years
  - Performing estimated IRS nondiscrimination testing

For these other services, we will prepare a Notice of Other Services for your signature if the work is expected to incur fees of **\$750 or more**. This is to help ensure there is a clear understanding of the scope of the work involved, the data needed from you to perform the work, and an expected completion date.

A more complete listing of these types of other services may be found in your engagement letter/service agreement.

If you would like to know which of these services are expected for your Plan in the new year or if you have any questions about our services and fees, please contact your Kravitz Consultant, and we will be happy to discuss them with you.

We hope these changes to our billing process will provide you with better communication regarding our fees and services. We value your ongoing feedback on how we can better help you. Thank you for your continued confidence in our Firm.

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<sup>(1)</sup> Any out-of-pocket expenses such as IRS filing fees, overnight mailings, messengers, data entry, etc., are billed at cost as additional expenses.

<sup>(2)</sup> Please note that a "Plan Year," referred to in this announcement and other documents you receive from Kravitz, is the tax year of your plan. As a result, our services usually overlap a portion of two calendar years.