

November 16, 2011

RE: Year-End Information Requested to Comply with Health Insurance Reporting Requirements

Dear Sir or Madam,

Employees who have more than 2% ownership interest in an S Corporation and have the health insurance premiums paid on their behalf must include the total yearly amount on their Form W-2. Please complete the enclosed form and provide your payroll service the total amount(s) paid on the behalf of such employee(s) and/or owner(s) during 2011.

In computing the total amount of premiums, if the remaining premiums for the year are known, add this amount to the premiums already paid and report the total amount of insurance premiums for the entire year. If you believe your monthly payment will change between now and the end of the year, you should contact your health insurance provider to get the actual costs of the health insurance premiums for the entire year.

If our office processes your payroll, please provide this information to us no later than December 7, 2011. If it is provided after this date, an additional charge may apply if a separate payroll processing is required. If another company processes your payroll, please contact your representative directly to verify that company's filing deadlines.

Reporting taxable health insurance fringe benefits as "cash" wages allows the appropriate amount of income to be reported to the recipient based on the relevant IRS guidelines. Failure to properly report this information will result in an understatement of income to the recipient.

Our intent for this letter is to prepare you for your company's 2011 year-end filing requirements. Please do not hesitate to call our office at (734) 971-8500 if you have any questions on the information contained herein or require assistance in preparing the enclosed form.

Sincerely,

Pietrasiuk, Kelley & Kelley, P.C.

Enclosure: S Corporation Shareholder(s) Health Insurance Premiums Form

