

CLIENT UPDATE

To: All Mesirow Financial Compensation Strategies Clients
From: Jennifer M. Fabri
Date: 11/14/2007
Re: Notice 2007-89 §409A reporting and wage withholding for 2007

In a previous update, we provided information regarding the Internal Revenue Service Notice 2007-89, which announced that deferred compensation that meets the requirements of §409A will not need to be reported on Forms W-2 or 1099-MISC for 2007, which are due on January 31, 2008. The following provides additional information with regard to the requirements for reporting under §409A.

Generally the reporting rules in place for 2005 and 2006 will continue in 2007.

- For 2007 no deferrals are required to be reported.
- Unless further relief is provided, §409A deferrals for 2008 will be required to be reported in box 12 (code Y) of Form W-2 for an employee or former employee; or in box 15a of Form 1099-MISC for a non-employee (e.g. director or independent contractor).

Should you have questions regarding the reporting requirements for 2007, please call or email your contact at Mesirow Financial Compensation Strategies.

This memo is not intended as a definitive statement regarding the law, but rather to alert our clients regarding our understanding of its impact on nonqualified deferred compensation and Corporate Owned Life Insurance. Mesirow Financial Compensation Strategies does not engage in the practice of law or accounting. Anything contained herein dealing with legal, tax or accounting matters should be discussed with your legal, tax, payroll administrators, and accounting advisors.

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