

HAVERTY FURNITURE COMPANIES INC
Form 11-K
June 28, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark
One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 1-14445

HAVERTY FURNITURE COMPANIES, INC. THRIFT PLAN
(Title of the Plan)

Haverty Furniture Companies, Inc.
780 Johnson Ferry Road
Suite 800
Atlanta, Georgia 30342
(Name and address of the issuer of the securities held
pursuant to the Plan)

HAVERTY FURNITURE COMPANIES, INC.
THRIFT PLAN

FINANCIAL STATEMENTS
December 31, 2005 and 2004

HAVERTY FURNITURE COMPANIES, INC. THRIFT PLAN

FINANCIAL STATEMENTS
December 31, 2005 and 2004

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Executive Compensation and Employee Benefits Committee and Participants of Haverty Furniture Companies, Inc. Thrift Plan

We audited the accompanying statements of net assets available for benefits of Haverty Furniture Companies, Inc. Thrift Plan (the "Plan") as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2005 financial statements referred to

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above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in its net assets available for benefits for the year ended December 31, 2005, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets held for investment purposes as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Windham Brannon, P.C.
 Certified Public Accountants

June 5, 2006

HAVERTY FURNITURE COMPANIES, INC. THRIFT PLAN
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
 December 31, 2005 and 2004

	2005	2004
	_____	_____
ASSETS		
Investments, at fair value	\$ 59,184,832	\$ 58,331,629
	_____	_____
NET ASSETS AVAILABLE FOR BENEFITS	\$ 59,184,832	\$ 58,331,629
	=====	=====

The accompanying notes are an integral part of these financial statements.

HAVERTY FURNITURE COMPANIES, INC. THRIFT PLAN
 STATEMENT OF CHANGES IN NET ASSETS
 AVAILABLE FOR BENEFITS
 For The Year Ended December 31, 2005

ADDITIONS:	
Investment Income:	
Net change in fair value of investments	\$ 1,977,969
Dividends on common stock	46,530

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Total Investment Income	2,024,499
Contributions:	
Employer	1,420,819
Participants	4,809,491
Total Contributions	6,230,310
Total Additions	8,254,809
DEDUCTIONS:	
Benefit payments	(7,390,011)
Participant transaction charges	(11,595)
Total Deductions	(7,401,606)
NET INCREASE	853,203
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	58,331,629
End of year	\$ 59,184,832 =====

The accompanying notes are an integral part of these financial statements.

HAVERTY FURNITURE COMPANIES, INC. THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

1. DESCRIPTION OF THE PLAN

The Haverty Furniture Companies, Inc. Thrift Plan (the "Plan") is sponsored by Haverty Furniture Companies, Inc. (the "Company" and "Plan Sponsor"). The Plan is a "qualified cash or deferred arrangement" plan under Section 401(k) of the Internal Revenue Code (the "Code"). The following description of the Plan provides only general information. Further information about the Plan is contained in the Plan document, copies of which are available at the Company's Human Resources office.

Effective May 1, 2004, Fiserv Trust Corporation maintains the Plan's assets under the terms of a trust agreement. Swerdlin & Company provides record keeping services to the Plan.

Eligibility

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Company employees become eligible for participation in the Plan after they attain 21 years of age and complete 60 days of continuous, active employment. Plan entry dates are the first day of each month. An employee who is included in a unit of employees covered by a collective bargaining agreement is excluded from participating in the Plan unless provided in the written agreement.

Contributions

Eligible employees are automatically enrolled into the Plan and pre-tax contributions are withheld at 2% of eligible compensation unless the employee elects not to contribute to the Plan. Eligible employees may elect to defer up to 80% of their compensation through payroll deductions, subject to statutory limitations. Participants age 50 and older may make additional catch-up contributions to the Plan.

The Company matches employee contributions at the rate of 50% for all contributions up to and including 2%, and 25% for all contributions between 3% and 6% of each participant's annual compensation. Additional amounts may be contributed at the option of the Company's Board of Directors. No such additional amounts were elected to be contributed in 2005 or 2004. The Company's matching contributions will be allocated to the participant's directed accounts.

HAVERTY FURNITURE COMPANIES, INC. THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2005 and 2004

Participant Accounts

Participants direct the investment of their contributions into various investment options offered by the Plan. The Company currently offers a money market fund, seven mutual funds, and the Company's common stock via the Haverty Unitized Stock Fund. Participants may change their investment options on a daily basis. Each participant's account is credited with the participant's contributions, rollovers, the Company's contribution, and earnings on the investments in their account. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

There are restrictions on purchases of Haverty Furniture Companies, Inc. common stock through the Plan via the Haverty Unitized Stock Fund (the "Fund"). The restrictions are as follows: 1) A maximum of one purchase transaction is allowed each thirty-day period; 2) Sell transactions are allowed each day, but sales out of the Fund may not exceed \$50,000 in a single day; 3) The Fund cannot exceed 30% of a participant's total account balance, or a maximum of \$50,000; and 4) Section 16 reporting officers and regional managers are prohibited from investing in the Fund.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the employer contribution portion of their accounts plus actual earnings thereon is based on the number of years of service with the Company. The vesting schedule is as follows:

Years of Service	Percentage of Contributions Vested
-----	-----
Less than 2 years	0%
2	40%
3	60%
4	80%
5	100%

Forfeitures of employer contributions are used to offset employer matching contributions for the same and/or future Plan years. Forfeited non-vested amounts of approximately \$99,790 and \$92,600 were used to reduce employer contributions during the years ended December 31, 2005 and 2004, respectively.

HAVERTY FURNITURE COMPANIES, INC. THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS
December 31, 2005 and 2004

Payment of Benefits

At the time of death, total disability, retirement, or termination of services, the participant or their beneficiary may receive payment of the vested interest in their account.

The participant may elect to receive the portion of his/her account that is invested in the Haverty Unitized Stock Fund in cash, in whole shares of stock, or a combination of the two. All other investments are paid in a cash lump sum.

Participants are eligible to receive hardship withdrawals when certain conditions are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared using the accrual method of accounting.

Use of Estimates

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The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates, and such differences may be material to the financial statements.

Contributions

Contributions are considered payable to the Plan upon the withholding of such contributions from the participant's paycheck.

Investment Valuation

The Plan's investments in mutual funds and money market funds are stated at fair value based on quoted market prices. The Haverty Unitized Stock Fund consists of a 95% Haverty's stock position ("HVT") and a 5% money market position. Each day the value of the portfolio is determined by the sum of the closing price of HVT multiplied by the number of shares held plus the value of the money market position as well as any accrued interest.

HAVERTY FURNITURE COMPANIES, INC. THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS December 31, 2005 and 2004

Investment Income

Net change in fair value of investments includes realized and unrealized gains and losses on investments and interest and dividends on mutual funds. Dividend income is recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade date basis.

Payment of Benefits

Benefits are recorded when paid.

Participant Transaction Charges

A portion of the transaction fees for hardship withdrawals are charged directly to participants. The Plan Sponsor paid all other administrative expenses of the Plan during 2005 and 2004.

3. INVESTMENTS

The fair values of individual investments that represent 5%

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or more of the Plan's net assets are as follows:

	2005	2004
Federated Short-Term U.S. Government Fund	\$ 3,715,110	\$ 3,225,053
Dodge & Cox Balanced Fund	22,267,020	18,898,240
Fidelity Magellan Fund	*	10,545,404
Lord Abbett Affiliated Fund	6,092,222	6,699,247
T. Rowe Small Cap Stock Fund	3,631,533	3,221,892
Vanguard Institutional Index Fund	16,379,667	8,264,803
Haverty Unitized Stock Fund	*	3,673,793

* Investment was less than 5% of net assets

HAVERTY FURNITURE COMPANIES, INC. THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

The Plan's investments (including investments purchased and sold, as well as held during the year) appreciated (depreciated) in fair value as determined by quoted market prices as follows:

Mutual funds	\$ 3,028,472
Haverty Unitized Stock Fund	(1,050,503)
	\$ 1,977,969
	=====

4. INCOME TAX STATUS

The Plan was restated effective January 1, 2005. The restated Plan has not received a determination letter from the Internal Revenue Service. The plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code; therefore, no provision for income taxes has been included in the Plan's financial statements.

5. TRANSACTIONS WITH PARTIES-IN-INTEREST

At December 31, 2005 and 2004, respectively, the Plan held 283,992 and 193,177 units of The Haverty Unitized Stock Fund, which invests in Haverty Furniture Companies, Inc. common stock, in addition to limited investments in short-term money market investments. The fair value of the Fund at December 31, 2005 and 2004 was \$2,070,301 and \$3,673,793, respectively. During 2005 and 2004, the Plan received \$46,530 and \$55,627, respectively, in dividends on Haverty Furniture Companies, Inc. common stock which was used to purchase additional units of the Fund.

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6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become fully vested in their accounts.

Supplemental Schedule

HAVERTY FURNITURE COMPANIES, INC. THRIFT PLAN

EIN: 58-0281900 PN: 003

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
December 31, 2005

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investments	(e) Current Value
*	Fiserv Trust Corporation	Money Market Fund	\$ 132,765
	Federated Short-Term U.S. Government Trust	Mutual Fund	3,715,110
	Federated U.S. Government Security 2-5 Years Fund	Mutual Fund	2,036,894
	Dodge & Cox Balanced Fund	Mutual Fund	22,267,020
	Fidelity Magellan Fund	Mutual Fund	480
	Lord Abbett Affiliated Fund	Mutual Fund	6,092,222
	T. Rowe Small Cap Stock	Mutual Fund	3,631,533
	American Funds Europacific Growth	Mutual Fund	2,421,279
	Vanguard Institutional Growth Index Fund	Mutual Fund	437,561
	Vanguard Institutional Index Fund	Mutual Fund	16,379,667
*	Haverty Furniture Companies, Inc.	Common Stock	2,070,301
			<u>\$ 59,184,832</u>
			=====

* Indicates a party-in-interest to the Plan.

Note: Column (d) has not been presented as that information is not required.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

HAVERTY FURNITURE COMPANIES, INC.
THRIFT PLAN

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By: HAVERTY FURNITURE COMPANIES, INC.

By: /s/ Bonnie A. Webb

Bonnie A. Webb
Assistant Vice President, Human Resources

Date: June 28, 2006