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Millennium Multiple Employer Welfare Benefit Plan to Terminate Operations

A multiple employer welfare arrangement (MEWA) has agreed to shut down its operations and distribute the plan assets to the plan participants. The Internal Revenue Service (IRS) negotiated the agreement with the [Millennium Multiple Employer Welfare Benefit Plan](#), Richardson, TX. The MEWA filed for bankruptcy court protection at the U.S. Bankruptcy Court for the Western District of Oklahoma in June 2010. The agreement with the IRS calls for the Millennium Plan to terminate its operations and liquidate and distribute \$80 million in assets to the plan's individual participants. The agreement should help resolve the hundreds of income-tax and penalty examinations of employers and employees who had participated in the Millennium Plan, IRS officials say.

GAO Analyzes Annuity Options

The U.S. Government Accountability Office (GAO) talks about annuities in a new report on retirement income planning. The GAO analyzed proposals for improving income planning literacy and promoting access to [annuities](#) through defined contribution plans at the request of Sen. Herb Kohl, D-WI, chairman of the Senate Special Committee on Aging, and other members of Congress. The GAO report makes clear that "annuities represent an opportunity for lifetime retirement income to supplement Social Security."

State Estate Tax Changes Make Plans Trickier

Some [states](#) are trimming the tax due on estates or inheritances when someone dies, while others are hiking them. Even more change is coming, complicating estate planners' efforts to preserve as much wealth as possible.

Insurers, Investors Fight over Death Benefits

After [Esther Adler](#) died in 2009, the insurer that was on the hook to pay a \$5 million death benefit discovered she wasn't all she had appeared. Instead of the \$12 million estate listed in her application, the insurer alleged in a federal court civil suit, Adler had assets of less than \$100,000, relied on Social Security checks for income and had sought help from a program that helps pay for medicine. Last fall, jurors in a courthouse in Manhattan heard the details as investors who bought the policy while Adler was still alive fought to force AXA Equitable to honor the contract. The insurer wanted to void the policy, citing alleged fraud, even though it conceded during the trial that it "did not do everything perfectly." The jury's verdict: a full payout to the investors.

Milliman: Big Policyholders May Have Big Problems

Individuals insured by some [large life insurance](#) policies may face a surprisingly high risk of death due to non-medical causes such as accidents or suicides. Insurers have assumed that their largest life policies would have the best mortality experience, but Milliman found that, in some cases, those policies had the worst mortality experience.

Wild Pitch

This article tells a cautionary tale of three retired ballplayers and [premium financing](#). Not unlike other non-recourse premium financing arrangements, three former players believed they could acquire life insurance without cost. They were told the loan could last as long as the insurance, and the investment component of the policies would supposedly generate enough interest income to cover the payments due on the loan.

Surprising Tax Lessons from John Edwards' Indictment

Could [transfer taxes](#) paid by a wealthy heiress save a former politician from prison? Quite possibly, say tax- and election-law experts. The curious tale offers a lesson for ordinary taxpayers as well.

Foreigners and the Gift Tax

Wealthy people who live in the United States but are not citizens can, in some cases, benefit from recent changes in gift tax law. This article explores how [wealthy non-citizens](#) who live in the United States but are not certain whether they are subject to U.S. gift and estate taxes can take advantage of the new law to hedge their gifting. Much depends on whether or not the foreigner is legally "domiciled" in the United States.

Social Security as Longevity Insurance

Economist Richard Thaler argues in *The New York Times* that more people should wait to claim Social Security benefits. The logic is straightforward. People like [guaranteed income](#), which Social Security provides, and the Social Security annuity is adjusted for inflation.

Client Perspective

How Big Will Your Monthly Payment Be?

A new AARP Social Security Benefits [Calculator](#) launched yesterday arrived at just the right moment. One of baby boomers' top concerns is outliving their retirement savings. One of the most important decisions you make, in this regard, is when to claim Social Security benefits. When should you claim? It's a straightforward question with no easy answer.

Did a Member of Your Family Die in 2010?

For those who had a family member pass away in 2010, the [choice](#) of whether to use 2010 tax laws or the current estate tax system can be a complicated decision. This article explores the issues surrounding the 2010 estate tax law, specifically in regard to basis issues, and relates it to the current tax law system. For the most part, the author indicates, those worth less than \$5 million are better off under the new system, while those worth more are likely better under the 2010 system, though a careful calculation is key to the correct determination.

How to Prepare for Higher Taxes

Considering the federal deficit and experts' suggestion that cutting the budgets alone won't resolve the national debt, planning for higher taxes now would appear to be a smart move. Taking advantage of the lower rates while they are available, by converting to Roth IRAs; manipulating your income by making it higher now instead of later, through exercising stock options; and taking gains are all discussed in this [article](#).

Catching Jeter's 3,000th Hit Will Cost Fan in Taxes

The 23-year-old baseball fan who caught Derek Jeter's 3,000th hit on Saturday [could owe thousands of dollars in taxes](#) on the gifts he received after giving the ball to Jeter. Those gifts included premium tickets to Yankees games and signed balls, bats and jerseys. "Pretty clearly he's going to have to report as income the value of all the stuff he got for the ball," said Paul Caron, a tax professor at the University of Cincinnati law school.

What About State Death Taxes?

When considering your own estate or someone else's, don't forget your potential liability for [state death taxes](#). Some states have an estate tax, some have an inheritance tax (levied on the value of specific property bequeathed to heirs) and some have both.

Surprise, Surprise: Pension Cuts Are Legal

For the past year or so, as the public pension crisis has been exposed across the country, unions have cited the law as the reason that states cannot restrain their retirement system costs. So when three states – Colorado, Minnesota and South Dakota – cut the cost-of-living allowances in their pension formula last year, their reform efforts were expected to be scuttled by the courts in favor of the union plaintiffs. Instead, judges last week in Colorado and Minnesota threw out the suits and therefore opened the door to further reform.

The 25 Documents You Need Before You Die

It isn't enough simply to sign a bunch of papers establishing an estate plan and other end-of-life instructions. You also have to make your heirs aware of them and leave the [documents](#) where they can be found. Here's a rundown of the most important documents you'll need to have signed, sealed and delivered.

How Not to Outlive Your Money

Worried about **outliving** your assets? You might consider holding off on tapping into Social Security benefits, working longer and buying an annuity, according to a study released last week by the Government Accountability Office. The shift by employers from traditional pension plans, which typically guarantee income for life, to 401(k) savings accounts has put more responsibility on Americans for managing their savings.

Poll: After Two Years, Americans Feel the Same About Their Finances

Two years of massive federal efforts to stimulate the economy have had no effect on how people feel about their own **pocketbooks**, according to a new McClatchy-Marist poll. The survey found that 28 percent of American adults think their family finances will get better in the next year, 20 percent think they'll get worse and 52 percent think they'll stay the same.

Tough Love

Many wealthy Americans, it turns out, are more fixated on spending and giving away their wealth than making sure their kids get a big inheritance. Estate-planning experts say they have seen a growing number of their wealthy clients increase their **philanthropic giving** while reducing the amount of money they plan to hand down to their kids.

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