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## Producer Perspective

### Financial Professionals Top Personal Trainers on 2011 Wish Lists

Allianz Life's 2nd annual New Year's resolution survey found that, between professional services, using a [financial professional](#) topped personal trainers by 18 percent. Of course the survey also noted that the resolution they're likelier to keep is trimming the waistline.

### Uncertainty in U.S. Tax Code Sparks Debate

The [U.S. tax code](#) contains an increasing number of temporary tax provisions that must be approved by Congress every few years. The provisions could discourage businesses from investing by creating an unstable and uncertain environment, some experts argue. The situation is even worse for small businesses that are unincorporated and must deal with frequent changes to income tax law.

### Tax Advice Is a Sticky Wicket

[Tax issues](#) can quickly become dangerous territory for financial advisors as they help people plan. A wrong strategy could get an advisor sued for damages and penalties by, say, a client who invests in bonds on the advice that they are tax-exempt and discovers they are taxable. Knowing the law can help, but doesn't always guarantee an advisor will be kept out of trouble.

### Investment Code Created for Endowments

For years, endowments, foundations and charities have had ready access to comprehensive guidelines on how to govern their grant-making processes. What the organizations haven't had, for the most part, are clear blueprints regarding the management of their financial resources. This [Endowment Code](#), a comprehensive best practice guideline – CFA Institute calls it a "roadmap" – is designed with charitable trusts, endowments, independent foundations, non-governmental organizations, philanthropies and public funds in mind.

### The Fed's Dodgiest Deals

Documents released by the Federal Reserve detail how the [central bank](#) extended trillions of dollars in credit to global banks during the crisis of 2008-2009 to keep the system afloat. Initially the loans were secured by investment-grade bonds and other high-grade collateral. But after the failure of Lehman threatened the global financial system, the Fed changed the rules to accept junk-rated debt as well.

### IRS Expands Section 409A Document Failure Correction Program

The Internal Revenue Service (IRS) expanded the relief available to nonqualified deferred compensation plans to voluntarily correct failures to comply with the document requirements of [IRC § 409A](#). With the issuance of Notice 2010-80, the IRS increases the types of plans eligible for relief and gives further correction and transition relief under the program introduced in the notice.

### IRS Provides Guidance on Rollovers to Designated Roth Accounts

The recently enacted Small Business Jobs Act allows participants in 401(k) and 403(b) plans to make rollovers to designated Roth accounts in the same plan. The Internal Revenue Service issued a notice providing guidance in the form of questions and answers explaining how to make such rollovers and discussing their taxability. The [notice](#) also extends the deadline for plans to be amended to allow such rollovers.

### Life Insurers' Corporate Debt Tops \$2 Trillion: Credit Markets

Life insurance companies are increasing their [corporate bond holdings](#) at a rate not seen in over six

years. They are hoping for big returns on the debt by taking on more risk while interest rates hold around zero.

#### Life Insurance Sales Doubles in Banks

According to figures provided by Kehrer-LIMRA, [banks sales of life insurance](#) have doubled since the start of the recession.

## Client Perspective

#### Tis the Season to Be Stupid

How do you stay out of trouble with charitable contributions? The Wall Street Journal surveyed financial advisors and philanthropy consultants about the most [common mistakes](#), big and small, that donors make when choosing or giving to charities, and how to avoid them this holiday season.

#### About 70% of Americans Back the Tax-cut Deal

A *Washington Post-ABC News* poll finds that 69 percent of Americans support the [tax-cut deal](#). Thirty-nine percent of Democrats, 36 percent of independents and 34 percent of Republicans said the deal will help the economy.

#### Court Strikes at Health Care

A federal court in Virginia ruled that the health care overhaul violates the constitution based on an individual's right to choose to participate. The widespread view of this ruling is seen as a major setback and is likely to land in the [Supreme Court](#) in 2011 or 2012.

#### Super-rich Likelier to Outsource Post-crisis

Hard times have pushed private single-family offices and their commercial counterparts together in [partnerships](#) only vaguely imagined before the crisis roiled the financial services industry two years ago. Rich families were as surprised as anyone when markets swan-dived in late 2008. The losses they endured may not have matched broad-market declines, but an early-2009 report by Spectrem Group said millionaires shed 30 percent of their wealth in 2008. The novel experience of loss and uncertainty prompted many – the hard-driving newly rich and old-line dynasties alike – to re-examine their approaches to wealth management.

#### Many Wealthy Americans Opt to Rent Rather Than Own Homes

Demand for high-end rental properties has increased as many affluent Americans [opt to rent](#) instead of buy, according to insiders. They say the shift is a pre-emptive strike against declining real estate values as property is no longer seen as a risk-free investment. The trend is being spotted in Manhattan, as well as wealthy areas of Chicago, San Francisco and other major metropolitan areas.

#### Estate Measure Opens Windows to Give Kids \$10 Million Tax-free

The [tax-cut bill](#) being debated in Congress currently has a provision in it that will unify the gift-tax and estate-tax exclusion and jumping the benefit \$5 million. This is a massive increase from the \$1 million exclusion we currently work under. These potential provisions would be set to expire in 2012.

#### Nine Tips for Tax-smart Charitable Giving

A Red Cross Survey found that nearly 80 percent of people make some type of donation around the holidays. Naturally some of those individuals will want to itemize those donations as a deduction. Get a few [tips](#) for making and reporting charitable donations, including obtaining proper documentation, knowing the value of your donation and donating appreciated property.

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