

TECHNICAL AND LEGISLATIVE UPDATE FOR R D MARKETING
PREPARED BY STUART TUGMAN, CLU, ChFC, AEP ON 1/9/2010

I. THE TWO MAIN ITEMS TO CONSIDER FOR THE START OF 2010 ARE:

1. HEALTH CARE . WHAT WILL THE “JOINT COMMITTEE” DO TO RECONCILE THE HOUSE AND SENATE HEALTH CARE BILLS. SOME OF THE MAJOR DIFFERENCES ARE: SENATE: 1. HAS NO FEDERAL OVERSIGHT ON AGENT COMMISSIONS; 2. NO INCOME TAX ON MOST EMPLOYER PROVIDED PLANS; 3. NO PUBLIC OPTION PLAN. HOUSE: 1. PROVIDES FOR A GOVERNMENT RUN OR PUBLIC OPTION PLAN; 2. EXPANDS THE AUTHORITY OF THE FTC (FEDERAL TRADE COMMISSION) OVER THE ENTIRE INSURANCE INDUSTRY. THE REAL QUESTION ISWHEN WILL THE PRESIDENT HAVE SOMETHING TO SIGN AND HOW WILL THE TWO BILLS BE MERGED?
2. ESTATE TAX. IN 2001, AND EVERY YEAR SINCE, I NEVER THOUGHT THAT I WOULD SEE CONGRESS ALLOW THE EXPIRATION OF THE ESTATE TAX. HOWEVER, THAT OCCURRED ON 1/1/2010. WE REALLY DO NOT KNOW ALL OF THE RAMIFICATIONS OF THAT LACK OF ACTION. WE DO KNOW THAT WE NO LONGER HAVE AN ESTATE TAX OR A STEP-UP IN BASIS FOR CAPITAL ASSETS. WE ALSO DO NOT KNOW EXACTLY WHAT WILL HAPPEN TO THE ESTATES OF THOSE PEOPLE WHO DIE BETWEEN 1/1/10 AND THE “FUTURE DATE OF A NEW TAX BILL”. IN OTHER WORDS, IS IT CONSTITUTIONAL FOR CONGRESS TO MAKE THE “NEW ESTATE TAX BILL” RETROACTIVE TO JANUARY 1, 2010? IF THAT, IN FACT, OCCURS IT IS VERY LIKELY THAT SOME ESTATES WILL FIGHT THAT BATTLE ALL THE WAY TO THE SUPREME COURT.

II. OTHER ITEMS OF INTEREST AS WE START THE NEW YEAR INCLUDE:

1. STOLI. THERE REMAINS A STRONG INTEREST ON THE PART OF SOME COMPANIES AND MANY STATES TO CURTAIL STRANGER OWNED OR ORIGINATED INSURANCE POLICIES.
2. VIATICAL AND LIFE SETTLEMENTS: EVEN WITH THE IRS DECISION ON INCOME TAXATION OF SUCH PLANS TO BOTH THE PURCHASER AND SELLER, THESE SETTLEMENTS ARE MORE POPULAR WITH THE “PUBLIC”, BUT OF CONCERN TO MORE AND MORE STATE INSURANCE DEPARTMENTS.
3. EXECUTIVE BENEFIT PLANS. THERE IS CONCERN BY ADVISORS AND EXECUTIVES ABOUT WHAT TO DO WITH DEFERRED COMPENSATION PLANS IN THE FACE OF WHAT APPEARS TO BE A SIGNIFICANT INCREASE IN INCOME TAXES.
4. FINANCIAL SERVICES INDUSTRY OVERSIGHT, INCLUDING MORE AGENT COMPENSATION DISCLOSURE, BY FEDERAL AND STATE GOVERNMENT AGENCIES REMAINS A GREAT CONCERN.