

# NEWS — AND — VIEWS

QUARTERLY NEWSLETTER  
Spring 2018

## Welcome to News and Views - Heffernan Group Quarterly Newsletter

### PROPERTY AND CASUALTY

**The #MeToo and #TimesUp movements have unleashed countless corporate scandals requiring risk managers to proceed cautiously.** *Risk & Insurance* reports that sexual harassment has been a known problem in the workplace for decades, but now it is resulting in increased litigation. *Business Insurance* warns that employers should handle harassment allegations carefully and without bias.

**Congress just banned restaurants from skimming tips.** *CNN* reports that new spending bill including a provision preventing restaurants from claiming employee tips. This follows a controversial Department of Labor rule that allowed employers to keep some tip money.

**The first surety bond program for cannabis industry has been approved in California.** *Property Casualty 360°* reports that the insurance commissioner has approved a surety bond program for California's cannabis industry. The growing cannabis market has created a need for new business insurance products.

**AI is now the seventh top business risk ahead of political risk and climate change.** According to *Business Insurance*, a new report warns that artificial intelligence will bring risks as well as potential benefits.

### PERSONAL LINES

**Woman dies in self-driving Uber crash.** *Business Insurance* reports that a pedestrian died after being hit by an Uber in self-driving mode, prompting Uber to suspend its autonomous vehicle program. According to *Business Insider*, self-driving cars may not help reduce some traffic problems, including pedestrian deaths.

**New report outlines 5 ways climate change is increasing property & casualty risk.** According to *Captive*, Moody's Investor Service has released a new report detailing how climate change will negatively impact property and casualty insurance sectors. *Property Casualty 360°* reports that many states, including Florida, have eased up on building code regulations, which may put residents at risk as extreme weather events threaten homes.

**Cambridge Analytica scandal rocks Facebook.** Cambridge Analytica used Facebook's tools to obtain user data. *Business Insider* reports that Apple CEO Tim Cook has said the data in question should not exist, and that Facebook CEO Mark Zuckerberg *has apologized* for the scandal in a newspaper ad.

**Data reveals gun violence is a leading cause of death in America.** *Business Insider* reports that Americans have a 1 in 315 chance of dying due to assault with a gun. The *Economist* reports that survivors of a mass shooting at a Florida school have helped lead protests against America's gun laws.

### BENEFITS

**Amazon and Walmart aim to remake health care.** *Think Advisor* reports that Walmart has been bypassing insurers to buy health care directly for its workers, while Amazon is joining JPMorgan Chase & Co. and Berkshire Hathaway Inc. to create a new health care venture for its workers.

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**Court upholds LGBTQ protections.** *Human Resource Executive* reports that the 2nd U.S. Circuit Court of Appeals ruled that discrimination against gay employees is prohibited under Title VII of the 1964 Civil Rights Act.

**Aging America faces a caregiver crisis.** *Insurance Thought Leadership* reports that by 2020, 117 million Americans will need help from a caregiver, and only 45 million family members will be available to provide this care. Many people juggle caregiving and work.

## LIFE INSURANCE

**Many permanent life insurance holders don't know how to use their policies, a new study finds.** According to *Think Advisor*, a new survey finds that many people have permanent life insurance but may not understand how it works, especially regarding policy loans.

**Retirees who own an annuity are less concerned about outliving their money.** A new *LIMRA* study finds that retirees with annuities are more confident about maintaining their lifestyle. *LIMRA* also reports that annuity sales declined 8 percent in 2017.

**Adult children can be sued for parents' long-term care debts due to filial responsibility law.** *Kiplinger* warns that many states have filial responsibility laws that make adult children financially responsible for supporting their parents.

## HEFFERNAN INVESTMENT SERVICES

**Investors worry about escalating trade war.** According to *Business Insider*, investors are worried about a global trade war, and Bank of America Merrill Lynch is warning that the situation may worsen. *CNBC* reports that shuffling White House personnel and talk of trade wars has had a negative impact on stocks.

**Facebook scandal hasn't hurt tech stocks.** Although the Cambridge Analytica scandal has caused problems for Facebook, *Business Insider* reports that, according to Bank of America Merrill Lynch, traders responded by investing more in tech stocks.

**The Bitcoin craze continues.** Last year, Bitcoin rose from \$963 to a high of nearly \$20,000 in December. This year's news has been about bitcoin's descent, to a low of \$7,000 in February, from which it was recently on the rebound, *Kiplinger* reports.

## HEFFERNAN RETIREMENT SERVICES

**Tax law cracks window for IRA rate gains ... but only until October 2018.** *Think Advisor* reports that tax reform has temporarily created a new Roth IRA strategy that takes advantages of pre-reform versus post-reform income tax rates.

**Americans often underestimate health care costs in retirement.** According to *Think Advisor*, a new study found that 44 percent of Americans aren't including health care costs in their retirement plan even though it's the second largest retirement expense.

**Retiring in a bear market may be the biggest risk retirees face right now.** *Kiplinger* explains how a bear market could hurt retirees and offers two strategies to deal with the risk.

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*All illustrations are hypothetical and are not representative of any specific situation. Your results will vary. The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing.*

*Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*

*Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market.*

*Traditional IRA account owners should consider the tax ramifications, age and income restrictions in regards to executing a conversion from a Traditional IRA to a Roth IRA. The converted amount is generally subject to income taxation.*

*Roth IRA account owners should consider the potential tax ramifications, age and contribution deductibility limits in regard to executing a re-characterization of a Roth IRA to a Traditional IRA.*

*Glide path refers to a formula that defines the asset allocation mix of a target date fund, based on the number of years to the target date. An investment in a target date fund is not guaranteed at any time, including on or after the target date, the approximate date when an investor in the fund would retire and leave the workforce. Target date funds gradually shift their emphasis from more aggressive investments to more conservative ones based on the target date.*

*All investing involves risk including loss of principal. No strategy assures success or protects against loss.*

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## HEFFERNAN FOUNDATION

Heffernan Foundation has been serving nonprofits in the community since 1988. Its mission is to grant funding to charities that provide direct support and services to our local communities in the areas of shelter, food, education and the preservation of the environment.

Please visit [heffernan-foundation.com](http://heffernan-foundation.com) to learn more or to get involved!

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