

NEWS — AND — VIEWS

Welcome to News and Views - Heffernan Group Quarterly Newsletter

PROPERTY AND CASUALTY

Property and casualty rates drop. *Market Scout* reports commercial lines were down 2 percent in October, compared to the previous four months, when rates were down 1 percent. According to *Business Insurance*, commercial pricing is expected to drop again in 2017, but the pace will slow.

OSHA's new employer-friendly slips, trips and falls rule likely to stand under new administration.

The new rule does not require guardrails, according to *Business Insurance*, but instead gives employers the flexibility to choose from multiple accepted fall protection systems.

2017 expected to bring a whole new wave of cyber threats for businesses. According to *Business Insurance*, a study conducted by Experian Data Breach Resolution found providers of economic, security and health services are at the highest risk, and the problem will not improve without international cooperation.

Wells Fargo fails to understand how cross-selling could give rise to reputational risk. Wells Fargo's reputational value metrics became volatile in 2014, *Risk and Insurance* reports, due to lawsuits. The bank's cross-selling strategies and the resulting \$185 million fine have exacerbated the situation.

PERSONAL LINES

Personal insurance rates continue slight upward trend. According to *Market Scout*, personal lines increased in October, but only by 1 percent, compared to a 2 percent increase in September.

Biggest wildfire in 100 years ravages Tennessee. *ABC News* reports the Sevier County fire has burned more than 15,600 acres, damaged more than 700 homes, killed seven people, injured 53 people and forced the evacuation of 14,000 people.

Home sharing surge reveals new, unexpected exposures. Home sharing companies, including Airbnb, have disrupted the hospitality industry. *Insurance Thought Leadership* calls for insurers to create new policies for home sharers and travelers.

Customer satisfaction with auto insurance claims processes is improving. *J.D. Power* reports that satisfaction with auto insurance has decreased slightly among Generation X but has increased among Generation Y due to multiple communication options.

BENEFITS

IRS delays ACA reporting deadline. *Benefit News* reports that employers now have until March 2 to handle form 1095 reporting requirements.

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New administration's ACA benefit changes likely won't hit until 2018. Because people are already enrolling for ACA health benefits, *Benefit News* reports that any repeal of ACA is unlikely to go into effect until 2018, although small changes may occur during 2017.

Dr. Tom Price's appointment as HHS leader garners a mostly positive reaction from the insurance industry. *Employee Benefit Adviser* reports Trump's nomination of Tom Price, who authored legislation to repeal ACA, indicates the president-elect intends to replace ACA.

New administration may influence employment and labor policies. Although some new rules may be withdrawn under Trump's administration, *Human Resource Executive Online* urges HR departments against reversing new policies without determining the effect on business and workers first.

LIFE INSURANCE

IRS announces 2017 tax deduction limits for long-term care insurance. As of 2017, individuals may deduct more than previously allowed. *Advisor Magazine* reports this does not extend to life insurance or other linked-benefit products.

Buy-sell insurance agreements facilitate an easy first step in business succession planning.

Heffernan provides advice on buy-sell insurance agreements, which can resolve questions about what happens if a business owner suffered illness, injury or premature death.

HEFFERNAN INVESTMENT ADVISORS

Dow industrials and S&P 500 reach all-time highs. Since Trump's win, *Market Watch* reports global markets have experienced all-time highs, and a record run for equities has been extended.

Some rules may hit the chopping block under post-Trump SEC. Several policies, including those related to corporate auditing rules, stock market trading and whistleblowers could see changes, according to *Reuters*.

HEFFERNAN RETIREMENT SERVICES*

New U.S. Census Bureau chart shows massive spike in longevity is coming soon. *Market Watch* reports that the United States can expect 500,000 centenarians in 2055. Currently, there are 72,000 centenarians.

New research sheds light on how to maximize Social Security benefits. *Benefit News* offers advice for people deciding when to take Social Security based on life expectancy and plans to purchase annuities.

Study reveals that many parents have misconceptions about 529 plans. According to *U.S. News*, many people mistakenly believe funds in 529 college savings accounts may be lost due to misunderstandings concerning withdrawals and valid expenses.

New IRA rules may increase tax burden on inherited retirement plans. If Congress limits the period over which inherited IRAs can be withdrawn to five years, as is currently being considered, *Advisor Magazine* warns that people who inherit IRAs will take a massive tax blow.

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Prior to investing in a 529 Plan investors should consider whether the investor's or designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. Withdrawals used for qualified expenses are federally tax free. Tax treatment at the state level may vary. Please consult with your tax advisor before investing.

Annuities are long-term, tax-deferred investment vehicles designed for retirement purposes. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal. Withdrawals made prior to age 59 ½ are subject to 10% IRS penalty tax. Surrender charges apply. Guarantees are based on the claims paying ability of the issuing insurance company.

"Stretch IRA" is a marketing term implying the ability of a beneficiary of a Decedent's IRA to withdraw the least amount of money at the latest allowable time in order to maintain the inherited IRA assets for the longest time period possible. Beneficiary distribution options depend on a number of factors such as the type and age of the beneficiary, the relationship of the beneficiary to the decedent and the age of the decedent at death and may result in the inability to "stretch" a decedent's IRA.

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.

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 to learn more or to get involved!

Heffernan offers Group Benefit Advisory Services, including updates on Health Care Reform. Stay up to date by visiting healthcarereform-updates.com.

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