

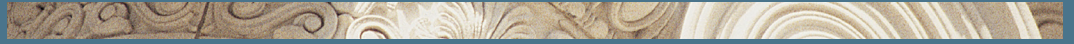


M Benefit Solutions  
Bank Strategies®

An M Financial Group Company

# THE BOTTOM LINE

EXECUTIVE AND DIRECTOR BENEFITS AND BOLI



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## HIGHLIGHTS OF THIS ISSUE

- **S&P HAS STABLE OUTLOOK FOR U.S. LIFE INSURANCE INDUSTRY FOR 2017**
- **ADOPTION OF 2017 CSO MORTALITY TABLE**
- **TAX REFORM TALK CONTINUES**
- **UPCOMING EVENTS**

## S&P HAS STABLE OUTLOOK FOR U.S. LIFE INSURANCE INDUSTRY FOR 2017

Standard and Poor's announced in a report that it has a stable outlook on the U.S. life insurance sector. In the report, S&P said that despite its stable outlook, concerns remain about low interest rates, slow growth, and an uncertain regulatory environment. However, S&P attributed its outlook to the strong levels of capital and liquidity in the industry, which should act as "shock absorbers" to those challenges. In addition, S&P noted that nearly 90% of its rated life insurers currently have stable rating outlooks and nearly 85% of those companies are rated at 'A' or better.



## ADOPTION OF 2017 CSO MORTALITY TABLE

A new life insurance standard mortality table (2017 CSO) has been adopted by the National

Association of Insurance Commissioners, effective January 1, 2017; however, the table's incorporation into insurance products will not be mandatory until January 1, 2020. State regulators require the prevailing CSO table to be used to set maximum cost of insurance charges, and determine minimum policy reserves and nonforfeiture values. The prevailing CSO table is also used for 7702 and 7702A tax testing.

The table improves mortality at most ages for both men and women, which may result in lower premiums for a given death benefit.

Other results of incorporating the 2017 CSO table will vary by insurance product and the particular circumstances of clients.

Products which benefit from the 2017 CSO mortality table, such as term insurance, will use the table beginning in 2017. Products that may be negatively affected by the table are not expected to be issued until January 1, 2020.

For reserve purposes in-force policies are grandfathered to the prevailing CSO table on which the policy form was issued. For tax compliance, policies issued prior to January 1, 2020 are likewise expected to be grandfathered.



**UPCOMING EVENT**  
2018 ICBA Community  
Banking Live  
**MARCH 12-16, 2018**  
**LAS VEGAS, NV**



## TAX REFORM TALK CONTINUES

Talk continues in Washington, DC, about a tax reform bill in 2017. Given the controversies that continue to plague the Trump administration and Congress' stated desire to pass reform through reconciliation, it is difficult to judge how likely a tax bill is to pass. However, if anything close to the Trump Tax proposal, as outlined in late April by his administration, is passed, there will be large tax cuts for Americans in the highest current tax bracket and many U.S. banks and corporations.

The Trump Tax proposal provides for a reduction in individual tax brackets from 7 to 3 and a lowering of the top individual rate from 39.6% to 35%, a repeal of the 3.8% investment income tax, a repeal of the alternative minimum tax, a repeal of the estate tax, a reduction in the corporate tax rate from 35% to 15% and a top rate of 15% for pass-through entities, such as partnerships and subchapter S Corporations.

### TRUMP TAX PROPOSAL

TAX PROVISIONS	CURRENT LAW	TRUMP TAX BLUEPRINT
<b>Individual Income Tax Rates</b>	7 brackets: 10%, 15%, 25%, 28%, 33%, 35%, 39.6%	3 brackets: 10%, 25%, 35%
<b>Capital Gains Tax Rates</b>	0%, 15%, and 20%	No change
<b>Net Investment Income Tax</b>	3.8%	Repealed
<b>Corporate Tax Rate</b>	35%	15%
<b>Pass-Through Entities</b>		
Pass-Throughs to Individuals	7 brackets: 10%, 15%, 25%, 28%, 33%, 35%, 39.6%	15%
<b>Alternative Minimum Tax</b>		
Tax Year 2017	Applies to income over \$54,300 (single) \$84,500 (married filing jointly)	Repealed
<b>Estate Tax</b>	40% (estates over \$5.49 million)	Repealed
<b>Mortgage Interest Deduction</b>	Allowed as an itemized deduction	No change
<b>Charitable Giving</b>	Allowed as an itemized deduction	No change
<b>State and Local Income Taxes</b>	Allowed as an itemized deduction	Repealed
<b>Standard Deduction</b>		
Tax Year 2017	\$6,350 (single) \$12,700 (married filing jointly)	\$12,700 (single) \$25,400 (married filing jointly)





## ADVISOR FIRMS

M Benefit Solutions - Bank Strategies is structured to provide our clients with consistent nationwide coverage. We have identified several Advisors with extensive experience in bank executive and director benefits and BOLI to provide consulting services to clients nationwide.\*

Distributed throughout the country, these Advisors work with M Benefit Solutions and bank clients to design programs which meet each bank's specific needs and to ensure high quality administrative and compliance services.

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## ABOUT M BENEFIT SOLUTIONS - BANK STRATEGIES

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