

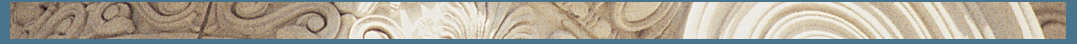


M Benefit Solutions
Bank Strategies®

An M Financial Group Company

THE BOTTOM LINE

EXECUTIVE AND DIRECTOR BENEFITS AND BOLI



VOLUME 45

NOVEMBER 2017

HIGHLIGHTS OF THIS ISSUE

- TAX REFORM TALK CONTINUES
- U.S. LIFE INDUSTRY RATINGS UPDATE
- IRS ANNOUNCEMENT—QUALIFIED PENSION PLAN LIMITATIONS
- M FINANCIAL GROUP INTRODUCES NEW PRESIDENT AND CEO
- UPCOMING EVENTS

TAX BILLS INCLUDE AND THEN REMOVE DEBILITATING DEFERRED COMPENSATION PROVISION

Republicans in the Senate, House of Representatives, and White House hope to pass a tax bill before the end of the year to drastically cut corporate tax rates and to make other significant changes in current tax law.

The House of Representatives released their version of the tax bill, H.R. 1, on November 2nd. It introduced a new provision into the Internal Revenue Code which would have significantly altered the taxation of deferred compensation.

Under the provision, deferred compensation attributable to services performed after December 31, 2017 would have been taxed at the time the compensation was no longer subject to a substantial risk of forfeiture, regardless of when paid. The House, however, completely removed this provision on November 9th when it made amendments to the bill. On the same day,

however, the Senate Finance Committee introduced its tax bill which contained essentially the same provision.

The following week the Senate Finance Committee, like the House, removed the provision affecting nonqualified deferred compensation from their version of the tax bill. The Senate Bill was passed out of the Finance Committee on a party line vote at the end of the markup process on November 16th. That same day, the House passed H.R. 1 by a vote of 227 for and 205 against. The House vote was largely along party lines, with all Democrats and 13 Republicans voting against the bill.

M Benefit Solutions will continue monitoring Congress' progress on tax legislation, as it has throughout the process. In fluid, rapidly evolving situations such as this, provisions can be reinserted into the legislation. Until a tax bill is either signed into law or the effort is abandoned entirely, threats to nonqualified deferred compensation may reappear. M Benefit Solutions is committed to keeping you informed of all significant developments as they occur.

U.S. LIFE INDUSTRY UPGRADES OUTPACE DOWNGRADES IN FIRST HALF OF 2017

Favorable equity markets aided improving levels of risk-adjusted capital and strengthened business profiles among U.S. life/annuity carriers in the first half of 2017, which has been reflected in recent financial strength ratings. A.M. Best reported 10 upgrades to life/annuity

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insurers and six downgrades, compared to three upgrades and three downgrades in the first half of 2016. In comparison, four health insurers have been upgraded in 2017 while six have been downgraded.

A.M. Best revised the rating outlook for the U.S. life/annuity industry in December 2016 to negative from stable, as rating downgrades were expected to outweigh rating upgrades. A.M. Best maintains this position as it does not believe current trends are sustainable, citing regulatory burdens (e.g., DOL fiduciary rule) and the low interest rate environment as headwinds for the industry.

Source: A.M. Best: 8/14/17



IRS ANNOUNCEMENT—QUALIFIED PENSION PLAN LIMITATIONS FOR 2018

The Internal Revenue Service recently announced cost-of-living and statutory dollar limitations for qualified pension plans for 2018. Some of the changes are listed below.

PROVISION	2017 LIMIT	2018 LIMIT
401(k) Elective Deferral Limit		
Annual employee contribution to 401(k) plans	\$18,000	\$18,500
Additional 401(k) contributions for employees age 50 or over	\$6,000	\$6,000
Maximum Compensation Limit		
The amount of annual compensation that can be taken into account when determining plan benefits	\$270,000	\$275,000
Defined Benefit Limit		
The maximum annual straight-life benefit at age 65 (not to exceed 100% of average annual compensation)	\$215,000	\$220,000
Defined Contribution Limit		
The maximum annual contribution to a defined contribution plan (not to exceed 100% of compensation)	\$54,000	\$55,000
Highly Compensated Employee Definition		
Dollar limit on who is considered a highly compensated employee	\$120,000	\$120,000

Social Security Facts

The combined tax rate for Social Security and Medicare for an employee is 7.65%. The Social Security portion (OASDI) is 6.20% on earnings up to the applicable taxable maximum amount.

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The Medicare portion (HI) is 1.45% on all earnings. There is an additional 0.9% Medicare tax on all earnings above certain threshold amounts (\$250,000 in wages for married filing jointly and \$200,000 for single taxpayers). These thresholds are not indexed for inflation. For a married couple, filing a joint return, the additional 0.9% tax is on the combined earnings of the employee and the employee's spouse.

TAX RATES	2017	2018
Employee	7.65%	7.65%
Self-Employed	15.30%	15.30%

MAXIMUM TAXABLE EARNINGS	2017	2018
Social Security (OASDI only)	\$127,200	\$128,400
Medicare (HI only)	No Limit	No Limit



M FINANCIAL GROUP INTRODUCES WESTLEY V. THOMPSON AS NEW PRESIDENT AND CEO OF M FINANCIAL GROUP



M Financial Group (M Benefit Solutions' parent company) has named Westley V. Thompson as its new President and CEO. Wes will oversee all strategic and operational aspects of M, including the development of resources and services designed to enhance Member Firm success and the overall growth of the enterprise, consistent with our core values. Wes, who

officially started on September 1, 2017, and will be a member of the M Board, succeeds Fred H. Jonske, whose distinguished service in the same role over the past 21 years fueled tremendous growth and stockholder value.

Wes brings significant industry experience, vision, and leadership to M. He is the former President of Sun Life Financial U.S. and served in a variety of senior leadership roles at Lincoln Financial Group. We are excited to have Wes join the M community and look forward to his future at M Financial Group.

UPCOMING EVENTS

ICBA Community Banking LIVE 2018

MARCH 13–17, 2018
THE VENETIAN PALAZZO
LAS VEGAS, NV

2018 FMS Forum

JUNE 10–12, 2018
ORLANDO, FL

2018 ABA Annual Convention



OCTOBER 21–23, 2018
NEW YORK HILTON MIDTOWN
NEW YORK, NY



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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**These Advisors represent independently operated firms and are registered with M Holdings Securities Inc. a registered Broker/Dealer, Member FINRA/SIPC. M Benefit Solutions and M Holdings Securities, Inc. are affiliated companies.*

ABOUT M BENEFIT SOLUTIONS - BANK STRATEGIES

M Benefit Solutions - Bank Strategies, based in Portland, Oregon, is a division of M Benefit Solutions, a Subsidiary of M Financial Group. Please go to <https://mfin.com/disclosure> for further details regarding this relationship.

M Benefit Solutions is a recognized leader in the community bank executive and director benefits and BOLI marketplace. Through a network of firms located in key markets across the country, M Benefit Solutions - Bank Strategies helps banks attract, retain, and reward key executives and directors through the design, implementation, and administration of benefit programs that aim to maximize the use of a bank's financial resources. M Benefit Solutions - Bank Strategies is the Independent Community Bankers of America's (ICBA) Preferred Service Provider for executive and director benefits and BOLI. For more information, please visit boli.mben.com.

The information incorporated into this presentation has been taken from sources, which we believe to be reliable, but there is no guarantee as to its accuracy.

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ICBA preferred service providers are chosen by the ICBA Bank Services Committee. For details, please visit the following website address: <http://www.icba.org/pspl/>.

(MHS-#1820-2017)



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