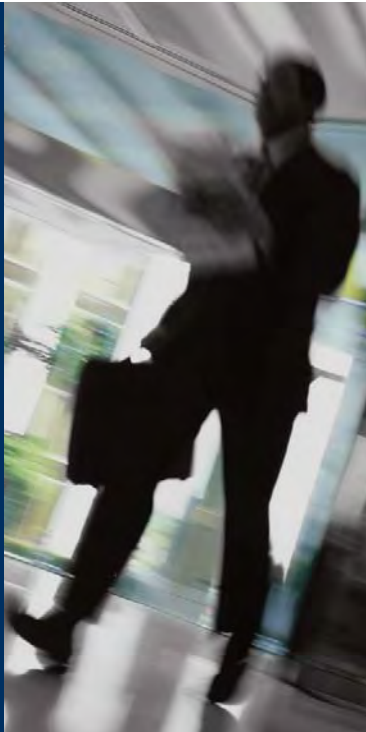


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Late-Year Tax Planning Opportunities Still Exist

by Joseph Tighe, CPA, and Ira Herman, CPA

When the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (“the Act”) was signed by President Obama in December 2010, it not only included extensions through 2012 to many expired provisions and created clarity regarding 2011 tax rates and rules, but also prompted tax planning opportunities regarding deductions, deferred income, and enhanced estate planning, among other benefits.

Among the opportunities individual taxpayers may still be in a position to take advantage of:

Leverage Standard Deduction by “Bunching” Deductible Expenditures

Are your 2011 itemized deductions likely to wind up being just under, or just over, the standard deduction amount? If so, consider “bunching” expenditures for itemized deduction items every other year, while claiming the standard deduction in the intervening years where possible. The 2011 standard deduction for married joint filers is \$11,600, \$5,800 for single filers, and \$8,500 for heads of households. Examples of deductible items that can be bunched every other year to lower your Federal income taxes include charitable contributions, state income taxes, and certain property tax payments.

Consider Deferring Income

Some taxpayers may benefit from postponing a portion of income until

the following tax year, thus pushing them into a lower tax bracket. For example, a cash method taxpayer could defer some 2011 income to 2012 by delaying billing for certain types of 2011 income until late in the year as cash collected in 2012 will be taxed in 2012, and not in 2011. You can also postpone taxable income by accelerating some deductible business expenditures into this year. This may be particularly helpful if you are impacted by unfavorable phase-out rules that reduce or eliminate various tax breaks, such as the child tax credit and education tax credit.

Time Investment Gains and Losses

Consider the tax impact of selling appreciated securities; the maximum Federal income tax on long-term capital gains realized from 2011 securities sales held for over one year is 15 percent so it may make sense to hold appreciated securities for at least one year and one day before selling. Securities presently worth less than what you paid should be considered for sale before year-end; the resulting capital losses should offset capital gains from other sales this year, including short-term gains from securities owned for one year or less, which would otherwise be taxed at higher ordinary income tax rates. Should losses exceed

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gains, a net capital loss for 2011 will result; this may be used to shelter up to a certain portion of ordinary income from salaries, bonuses, and certain after-income sources. Excessive net capital losses may be carried forward. It is advisable that you speak with your J.H. Cohn adviser prior to making such sales as certain limits do apply and you may benefit from carrying forward certain losses.

Take Advantage of Generous—But Temporary—Business Tax Breaks Under Section 179

Several favorable business tax provisions have a limited shelf life that may dictate taking action between now and year-end. To begin, several temporarily increased Section 179 deductions, under which an eligible business can often claim first-year depreciation write-offs for the entire cost of new and used equipment and software additions, are currently available.

For tax years beginning in 2011, the maximum Section 179 deduction is \$500,000 (same as for tax years beginning in 2010). For tax years beginning in 2012, however, the maximum deduction is scheduled to revert to \$125,000.

Further, though real property improvement costs are generally ineligible for the Section 179 deduction privilege, an exception applies to tax years beginning in both 2011 and 2010. Under the exception, businesses may immediately deduct up to \$250,000 of qualified

improvement costs for the following types of real property:

- Interiors of leased nonresidential buildings;
- Restaurant buildings; and
- Interiors of retail buildings.

The \$250,000 Section 179 allowance for real estate improvements is part of the overall \$500,000 allowance. This temporary real estate break will not be available for tax years beginning after 2011 unless Congress extends it.

It is important to note that if you expect your business to experience a loss, a Section 179 deduction that would create or increase an overall business tax loss may not be claimed. Please contact your J.H. Cohn adviser for further information.

100 Percent First-Year Bonus Depreciation Opportunities Exist

In addition to Section 179 deductions, your business may also claim first-year bonus depreciation equal to 100 percent of the cost of most new (not used) equipment and software placed in service by December 31 of this year. Unlike the Section 179 deduction, bonus depreciation is not subject to a maximum allowance or limited by the income of the business. For a new passenger auto or light truck that's used for business and is subject to the luxury auto depreciation limitations, the 100 percent bonus depreciation break increases the maximum first-year depreciation deduction by \$8,000 for

vehicles placed in service this year. The 100 percent bonus depreciation break will expire at year-end unless Congress extends it. (See Chart 1 below.)

Don't Overlook Estate Planning!

For 2011 and 2012, the unified Federal gift and estate tax exemption is a relatively generous \$5 million. This exemption, however, will drop back to \$1 million in 2013 unless Congress moves to further extend it. In addition, the maximum Federal estate tax rate for 2011 and 2012 is 35 percent; for 2013 and beyond, it is scheduled to rise to 55 percent, thereby increasing the importance of advance planning to avoid or minimize the Federal estate tax. Even if you already have a good plan, it may need updating to reflect the current \$5 million exemption. Contact your J.H. Cohn adviser for more information on the best ways to minimize estate taxes for someone in your situation. (See Chart 2 below.) ■



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Chart 1

Summary of First-Year Depreciation Incentives		
Calendar Year	Section 179 Limit	Bonus Depreciation
2011	\$500,000	100%
2012	\$125,000	50%
2013	\$125,000	0%
<i>(estimated)</i>		

Chart 2

Exemptions and Rates		
Year	Estate Tax Exemption	Top Estate Tax Rate
2010	\$5,000,000 or \$0	35% or 0%
2011	\$5,000,000	35%
2012	\$5,000,000	35%
2013	\$1,000,000	55%

J.H. Cohn Expands New England Presence

J.H. Cohn LLP and Kostin, Ruffkess & Company, LLC, a prominent New England accounting and business advisory firm, with headquarters in Farmington, CT, have signed an agreement to combine. The combination will make J.H. Cohn the dominant regional firm serving the Connecticut and Western Massachusetts marketplace.

Kostin, Ruffkess, which was founded in 1949 and specializes in accounting and tax services as well as forensic accounting, business valuation, and business consulting, now operates as J.H. Cohn LLP.

Now, in addition to our Glastonbury, CT office, J.H. Cohn has operations in Farmington and New London, CT and Springfield, MA. Frank Longobardi, CPA, office managing partner of J.H. Cohn's Glastonbury office, is also regional managing partner, New England.

"This combination will enable us to more efficiently and effectively serve the New England market by providing deeper resources and broader areas of expertise than to which either of us previously had access."

"This combination will enable us to more efficiently and effectively serve the New England market by providing deeper resources and broader areas of expertise than to which either of us previously had access," said Thomas J. Marino, CPA, chief executive officer of J.H. Cohn. "It is truly a win-win situation for our clients, our staff, and our partners."

"We believe the technical expertise and culture of both firms create widespread synergies that will benefit businesses throughout the New England community. We particularly admire J.H. Cohn's emphasis on partner-level involvement with their clients, dedication to deep industry specialization, diversified tax credentials, and commitment to giving

back to the community," said Ed Kindelan, CPA, of Kostin, Ruffkess who serves as office managing partner of J.H. Cohn's Farmington, CT, New London, CT, and Springfield, MA offices.

J.H. Cohn Opens Stamford, CT Office

J.H. Cohn's recent expansion also includes the opening of a new office in Stamford, CT in September. The office, which is overseen by J.H. Cohn's chief operating officer and strategic adviser to the capital markets practice, Dom Esposito, CPA, is positioned to support the Firm's growing metro-NY and New England practices with strong resources for the private equity and hedge fund communities. ■

Bundling Business, Personal Travel Can Reap Tax Advantages

by Neil Becourtney, CPA

Most professionals will advocate a healthy separation of your professional and personal lives, but as the holiday and year-end vacation season approaches, business travelers who manage to squeeze some vacation time in at the end of a business trip may be rewarded with certain very attractive tax breaks.

Among the opportunities to consider:

Combine Domestic Business, Pleasure Travel and Deduct Certain Expenses

Certain "pure" transportation expenses

are allowable deductions. This includes (but is not limited to) the costs of getting to and from the business meeting location, travel to and from your departure airport, the airfare itself, baggage fees and tips, and cabs to and from the destination airport. Domestic transportation costs are 100 percent deductible, as long as the primary reason for the trip is business rather than pleasure.

The Internal Revenue Service ("IRS") doesn't specify how to determine if the primary reason for domestic travel is business, but the rules covering foreign travel may be used as a guideline.

"Travel days" count as business days, as do weekends and holidays if they fall between days devoted to business and it would be impractical to return home. "Stand-by days," when your physical presence is required, also count as business days, even if you do not work on those days. Any other day principally devoted to business activities during normal business hours is also counted as a business day, as are days when you intended to work but couldn't due to reasons beyond your control (i.e., a local power failure).

For domestic trips, you may be able to claim business was the primary reason for a sojourn when the business days exceed the personal days. Be sure to accumulate proof of this. For example, if your trip is made to attend client meetings, log that meeting in your planner and copy the pages for your tax file.

Once at the destination, your out-of-pocket expenses for business days are fully deductible. Out-of-pocket expenses include lodging, hotel tips, meals (subject to the 50 percent disallowance rule), seminar and convention fees, and cab fare. Expenses for personal days are nondeductible (except in the "Saturday Night Stayover" situation explained later in this article).



Example: You are a sole proprietor and arrange a Wednesday morning client meeting in San Francisco. You fly out Sunday evening and spend Monday sight-seeing. Tuesday is spent preparing for the meeting, and Wednesday is devoted to the meeting, a client lunch, and return travel. In this example, Sunday, Tuesday, and Wednesday count as business days. Under current guidelines you may deduct your airline tickets, plus your lodging for Sunday and Tuesday nights, 50 percent of your meals for Sunday, Tuesday, and Wednesday, your other out-of-pocket expenses for those days, and 50 percent of the cost of lunch with your client.

Maximizing the Tax Benefits of a Saturday Night Stayover

A great way to maximize deductions for the personal portion of a trip is with a Saturday night stayover that reduces the overall cost of the trip. If you can show staying the extra day or two costs less (or no more) than coming back home immediately after the business meeting is over, the IRS allows you to deduct your additional meal and lodging

expenses (subject to the 50 percent disallowance rule for meals) for the extra day(s).

Example: You have a business meeting in New York on Monday morning. You and your spouse fly into town Saturday morning and spend the weekend sightseeing. Your round trip airfare is only \$400 versus \$1,200 if you came in Sunday night and left Monday. In this situation, Saturday is a personal day. As long as your meal and lodging expenses for Saturday are no more than \$800, you can write off your whole trip (subject to the 50 percent disallowance rule for meals). Expenses related to your spouse's travel are not, of course, deductible.

Deducting Foreign Travel Costs

When you travel outside the U.S. primarily for business reasons, you must allocate all your travel expenses, including transportation, between business and personal. You can, however, deduct 100 percent of your *transportation* expenses if the trip is primarily for

business and you meet either of the following rules:

- **The One-week Rule.** You'll meet this rule if your business trip is one week or less, not counting the day you leave but counting the day you return. In this case, you can deduct 100 percent of your transportation costs and 100 percent of your other out-of-pocket expenses for business days (subject to the 50 percent disallowance rule for meals). You cannot deduct out-of-pocket costs incurred on vacation days. Weekends and holidays falling between business days count as business days, as will an intervening weekday between two business meeting days (e.g., a "pleasure" day on Tuesday sandwiched between "business" days Monday and Wednesday). "Stand-by days," when your physical presence is required for business, also count, even if you spend most of your time on personal pursuits during those days. Finally, business days include the day of your return trip plus days you intended to work but couldn't due to reasons beyond your control.

- **The 25 Percent Rule.** You may deduct 100 percent of your transportation expenses for trips lasting over a week, as long as you spend less than 25 percent of your days on vacation. For this purpose, count the day of departure and day of return as business days, as long as you are traveling to or from the business destination.

Even if you don't qualify for either of the above two exceptions, you may still be able to deduct 100 percent of your transportation costs if you're traveling on behalf of your employer under a reimbursement or travel allowance arrangement and you're not a managing executive of the company or related to your employer. Finally, 100 percent of your transportation costs to foreign destinations are deductible if you can prove a personal vacation was not a consideration in choosing to make the trip.

If 100 percent of your transportation expenses aren't deductible under the above rules, the *business percentage* of your transportation costs may still be deductible. To calculate the business

Example: On Thursday, you fly to Paris for client meetings on Friday and Monday. You vacation the following Tuesday through Friday and return home Saturday. The two travel days, the two meeting days, and the weekend days in between count as business days. However, the four vacation days amount to 40 percent of your time, so you fail the 25 percent test. Therefore, you must allocate your airfare between business and personal. You can deduct 60 percent of your airfare, plus your out-of-pocket expenses for the six business days.

Travel to Attend Foreign Conventions

If the reason for a trip outside North America—defined for this purpose as including, but not limited to, the United States, Mexico, Canada, and U.S. and British territories—is to attend a business convention directly related to your trade or business, you may qualify for deductions. However, you must follow all of the foreign travel rules discussed herein plus show it was just as reasonable for the meeting to be held on foreign soil as in North

Conventions on Cruise Ships

Deductions related to conventions that are held aboard cruise ships and are directly applicable to your trade or business are limited to \$2,000 per individual per calendar year. In addition, the ship must be a U.S.-registered vessel, and all of its ports of call must be in the U.S. or its possessions. Finally, the following information must be attached to your return in the year the deduction is claimed:

1. A signed statement showing the total days of the trip (excluding travel to and from the ship), the number of hours each day spent attending scheduled business activities, and the program of the convention's scheduled business activities.
2. A statement signed by an officer of the sponsoring organization that includes a schedule of each day's business activities and the number of hours you attended those activities.

Conclusion

The rules regarding business/personal travel combination deductions are complex and include numerous exceptions, all of which are worth considering when tagging personal travel onto already-planned business travel.

For more information about this or other tax planning opportunities that may be available to you before the current tax year ends, please contact Neil Becourtney, CPA, or your J.H. Cohn engagement partner at 877-704-3500. ■



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The rules regarding business/personal travel combination deductions are complex and include numerous exceptions, all of which are worth considering when tagging personal travel onto already-planned business travel.

percentage, divide the days spent principally on business activities by the total number of days outside the country, counting departure and return days. The travel days count as business days, just as the other types of days are considered business days for purposes of the one-week rule and 25 percent rule. You can also deduct the out-of-pocket expenses allocable to your business days (subject to the 50 percent disallowance rule for meals).

America and that the time spent in business meetings or activities was substantial when compared to that spent sight-seeing and on other personal activities. Barring that, you can only deduct the registration fees and other costs directly related to business while on your trip. Regardless of the location, you cannot deduct travel costs to attend investment or financial planning conventions and seminars.

Avoiding Corporate Tax Icebergs

by Neil Gerard, CPA

Managing risk today has clearly become a priority within every organization and a key part of every CFO's and audit committee member's responsibilities. Organizational risk is far reaching and can impact employee productivity, service, company brand value, and earnings quality. Risk analysis focuses on identifying and evaluating the risk with the greatest potential for loss and the greatest probability of occurrence within an organization. Once these risks are identified, management must work with its advisers to develop controls and processes to ensure that risks are properly controlled, constantly monitor for system failures, and regularly update internal processes to ensure that any risk that does occur is swiftly and properly identified. Taxation is one of the most significant areas of an organization's risk profile.

Tax Exposure

When assessing tax risk, management should first focus on identifying the types of tax that may lead to exposure if not handled in compliance with established regulatory requirements. These commonly include—but are not limited to—sales and use tax, property tax, payroll tax, Federal and state income tax, international tax, and customs and duties tax. The tax department is responsible for handling both the tax return filing requirements, as well as preparing the worldwide tax provision for the financial statements. Over the past several years, tax accounting has led to a large number of financial restatements.

Rules and Regs

With the ongoing legislative changes in Federal, state, and international tax filing requirements—along with the increased level of filing complexity—



tax risk is on the agenda of every CFO and audit committee. The Financial Accounting Standards Board's efforts to provide greater transparency in the tax area has resulted in the implementation of ASC 740-10 (formerly FIN 48) requiring uncertain tax positions to be reported in financial statements. Additionally, the Internal Revenue Service ("IRS") has instituted Schedule UTP, which requires filers to disclose uncertain tax positions on their returns; the phase-in period of which depends on company size, though companies with assets in excess of \$100 million are impacted beginning with the 2010 tax year.

Processes and Controls

Beyond positions claimed, tax risk may also be associated with the processes in place to prepare a company's tax provision. A major issue facing corporate finance and tax departments is managing available resources. In order to comply with the financial and tax reporting requirements, these departments are required to significantly increase the amount of documentation and spreadsheet analysis to support quarterly and year-end tax provisions. Further pressure

is added by third-party audit firms that need these departments to update memoranda regarding uncertain tax positions so that they may accurately opine on their financial statements.

To more effectively manage restatement risk related to a company's tax provision, CFOs have typically increased the focus they place on their tax departments, developing processes and internal controls that will detect errors and eliminate or reduce the probability of a restatement. Now that corporate executives have a better understanding of the tax processes associated with preparing a tax provision, they understand the risks associated with their uncertain tax positions.

What the Future May Hold

An interesting byproduct of the added disclosure requirements for Schedule UTP and ASC 740-10 may lead companies to change their overall risk tolerance and limit the number of uncertain tax positions taken in the future. IRS audits, penalties, and potentially damaging public disclosures have quickly changed the landscape for companies implementing tax planning strategies that are not "more likely than not."

An organization's corporate brand, public trust, and integrity can change quickly if an organization does not have a management team dedicated to controlling risk. Risk profiles need to be constantly updated and monitored as an organization grows, changes and operates. Expansion into new countries or markets, reorganizations, and acquisitions

all can change the risk profile of a company very quickly. CFOs must develop a corporate culture for communicating changes so that all departments understand their business' risk profile. Icebergs can be avoided by organizations that have the tools and processes in place to monitor risks both currently and prospectively. ■



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Enhancing Performance in a Recovering Economy

by John Macrae

Nearly two years after the economic recession officially ended, the U.S. economy is still recovering—at a rate described by The Federal Reserve as “considerably slower” than expected. Corporations, stuck in a web of economic entanglements that include natural disasters, a jobless recovery, and an apparent “new normal” characterized by diminished consumer spending, must take new approaches to strengthen profitability, protect assets, and drive enterprise value.

Corporate executives responded to the recession in the expected manner, cutting costs by eliminating jobs, preserving cash flow, and reducing discretionary spending in order to temporarily reduce overhead and improve profitability. Today it bears asking, what steps should be put in place to maintain and even improve upon what may have been previously seen as a stopgap?

One answer is to take an in-depth look at the organization's core business processes with an eye toward not merely making the existing process as efficient as possible, but also maximizing the value produced by the process. The distinction is subtle, but critically important. When driving out costs and improving efficiency, management's focus is often on enhancements to

“The most dangerous type of waste is the waste we do not recognize.”

—Shigeo Shingo, Architect of the Toyota Production System

the current process. Typical questions posed to employees include those focused on perhaps increasing output, or reducing costs—“how do we increase output by ten percent” or “how do we cut costs by 15 percent.” These programs produce small improvements in operating performance and allow companies to maintain the status quo with other organizations implementing similar improvement programs.

When focusing on designing a process that enhances value, the questions posed to employees instead become, “what do we do that doesn't add value to the customer?” and “what would happen if we eliminated a non-value added step?” Companies often find that the potential contribution to the bottom line produced by focusing on value and eliminating the waste of non-value added activities dramatically exceed the benefits of cost reduction programs. This can best be seen by example.

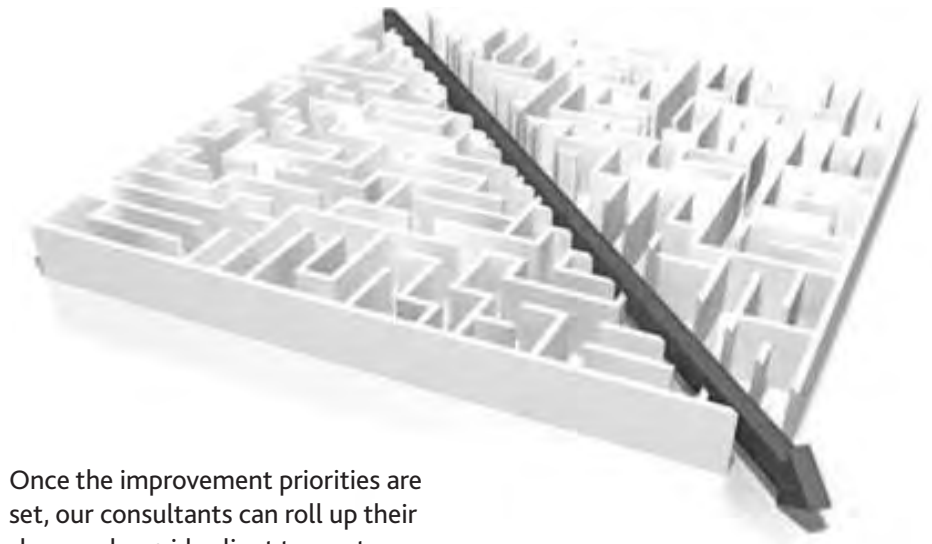
We'll consider a process that most organizations experience—the financial closing process. For most, it takes

weeks to make the manual adjustments and journal entries needed to close the books for a financial period. Inefficiencies can have a negative effect not only on financial reporting, but also on operations as business units fail to receive the information they need to make accurate and timely decisions. By re-envisioning the closing process, our clients have been able to cut the number of transactions needed to close the books by 90 percent and the number of hours invested in the process by 85 percent, thus reducing the closing process to a couple of days. But if the potential performance gains of analyzing business processes to enhance value are so great, why isn't everyone doing it?

Unfortunately, the first challenge is determining where to start. The processes by which companies add value to shareholders are complex and interwoven across the organization to an extent that only top management sees them from beginning to end. The managers who are close enough to the process to recognize the need for a top-to-bottom overhaul don't have the authority to implement programs

that cross the functional boundaries needed to implement change. Even where top management supports the effort and can draw multiple departments into the effort, few have the requisite training to effectively implement such a program.

To help our clients address this challenge, J.H. Cohn has created the Business Discovery Boot Camp. In this program, our “Lean Senseis” work collaboratively with client management teams over the course of a two- to three-day, top-level review of the organization to define its core and enabling processes and its primary value streams. We identify the reports, controls, systems, and metrics used to measure, manage, and control these processes. We lead the team in conducting a gap analysis to identify and prioritize opportunities to improve cash flow and profitability and mitigate operational risk. We work collaboratively to establish a mutually agreed upon return-on-investment criteria to secure the consensus of the management team on what improvement initiatives to launch.



Once the improvement priorities are set, our consultants can roll up their sleeves alongside client teams to map the process and identify the root causes of inefficiencies and errors and redesign the process to eliminate waste. If this sounds like hard work, it is. But typical benefits of a boot camp include: team building, decreased cycle time, improved throughput and capacity, increased customer service levels, lower investment in working capital, and improved decision-making.

With forecasts indicating that the recovery of the U.S. economy will be both long and slow, and with corporations

having already implemented traditional performance improvement programs, executives must decide what leverage they have to influence shareholder value. The answer may lie hidden in the organization’s core business processes. ■



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Advance Planning Can Alleviate Confusion, Guide Loved Ones

by John A. Corsaro, CPA

The need to “document your life”—that is, your general overall financial and medical well-being and directives—is constant, but may be no more critical than at a time when death, disability, or disaster strike you or the ones you love. It is at this time, when you or your family are faced with the enormous task of sorting through financial information to aid in future planning or estate settlement, that its importance becomes particularly poignant.

The challenges often faced, however, are that key financial information, including bank and investment account information, wills, and personal wishes of the affected, are frequently stored illogically and in disparate locations, making their retrieval and comprehensive understanding difficult at best.

Documentation and knowledge sharing are key parts to the estate planning process. Take, for example, the story of a family stricken with the death of its

patriarch. The deceased had largely controlled the family’s finances and trust and estate planning, with full trust from (but no knowledge by) his family. Upon his death, the family’s affairs were thrown into turmoil upon realization that there was no summary of family finances; no clear directive left regarding the deceased’s wishes, nor guidance given about working with his most trusted advisers; and knowledge of the location of various bank and investment accounts, wills, insurance

policies, and a summary of debts owed both to and by him remained questionable. Had he taken the time to lay out that information and share it with a trusted family member or confidante prior to his death, the family's transition would have been simplified.

Getting the Right Parties Involved and Providing the Right Answers

The documentation process is an opportunity to help you and your accountant, attorney, medical, and other professional advisers answer the many questions that arise upon death or disability, and make the decisions that must be made swiftly, at life's most critical moments. Among the points to be raised through this process:

- What are my bank, investment, and other account numbers and passwords?
- Where are important original documents, including insurance policies, stored?
- Who are my most trusted advisers and how can they be reached?
- What are our wishes upon illness and upon death?
- What debts and obligations should my survivors be aware of?
- If I own my own business, what succession plans have been put in motion?
- If there are minor-aged children, what are my wishes for their future physical care and financial security?

Sitting with a variety of advisers allows for a more holistic view of the documentation process and subsequent collection of all important information. Ask your attorney, is my will up-to-date? Ask your trust and estate attorney, have I considered all of the available tax planning strategies to help ensure that my beneficiaries benefit from my estate as I have envisioned? And ask your spouse or other next-of-kin, have I provided you with the information you need to assume my affairs upon



my disability or death? The answers may surprise you and prompt further estate planning and conversations about future directives.

During the organization process, and upon completion, it is critical that this

Planning and Personal Document Organizer," can be used to compile this information. Available in both electronic and paper format (which is generally recommended only in circumstances in which it will be absolutely secure and safe and not at risk of theft or compromise),

Because the sharing of this personal information includes, but is not limited to, account numbers, password/PIN numbers, and lock combinations, as well as copies of wills, insurance policies, and financial account information, it should be kept in a safe, secure location.

information is not only shared with loved ones as appropriate, but also revisited quarterly and upon major life events—such as marriage, the birth of a child or grandchild, retirement, or the acquisition or sale of a financial asset—to ensure that the information remains as up-to-date as possible.

Because the sharing of this personal information includes, but is not limited to, account numbers, passwords/PINs, and lock combinations, as well as copies of wills, insurance policies, and financial account information, it should be kept in a safe, secure location. This creates the need for a comprehensive catalog of all critical information in a single location. A resource such as J.H. Cohn's "The Book: A Family Financial

this tool allows for the organized collection of critical information of highest value to your survivors and beneficiaries.

A 360 Look At Multigenerational Planning

The generational dynamics currently at play in the United States create a further need for comprehensive planning and information sharing. According to non-profit Pew Research Center, more than one of every eight baby boomers (typically defined as those between the ages of 40 and 60) are "simultaneously raising a child and providing some form of financial assistance to a parent." This group is commonly known as the "Sandwich Generation." At the same time, projections

from the U.S. Census Bureau indicate that by 2030, the number of Americans 65 or older will double to 71 million, or about 20 percent of the projected population in 2030.

Given these statistics, it is critical that as you plan for your own future and make your own directives clear, you ensure that your parents have done the same. Among the steps to take and questions to ask¹:

1. Open the door for open cross-generational conversation. Speak with elders about such things as where they wish to live if they're no longer to live on their own, what kind of assets, including healthcare coverage they have, and who is to be charged with making medical and legal decisions for them if they

are unable to do so independently. If such plans are not already in place, work with your advisers—or theirs, if trusted advisers are already in place—to help ensure the assets will be there should they be needed. Asking your elders to speak openly and honestly about things that many older generations consider to be taboo topics will serve to benefit all later.

2. Check your parents' insurance coverage. Make sure that your parents have both Medicare and Medigap health coverage as well as prescription coverage. Some people think that having just Medicare is sufficient, but that may not be true. Supplemental Medigap or Medicare Advantage coverage, plus other care policies, is critical for ensuring that out-of-pocket health care costs are covered, or minimal.

Abundant community services exist, and qualified personal advisers are able to provide guidance regarding such complex issues as Medicare, insurance regulations, and estate planning and tax changes that significantly impact plans that may have already been set in motion. But above all, it is critical to recognize that individual family dynamics and resources will have a significant impact on plans, and should be considered when plans are being made. ■



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¹Sean Wentz, "The Sandwich Generation," 2011

Personal Risk Management Products for Benefit Plans

by Michael Aronson

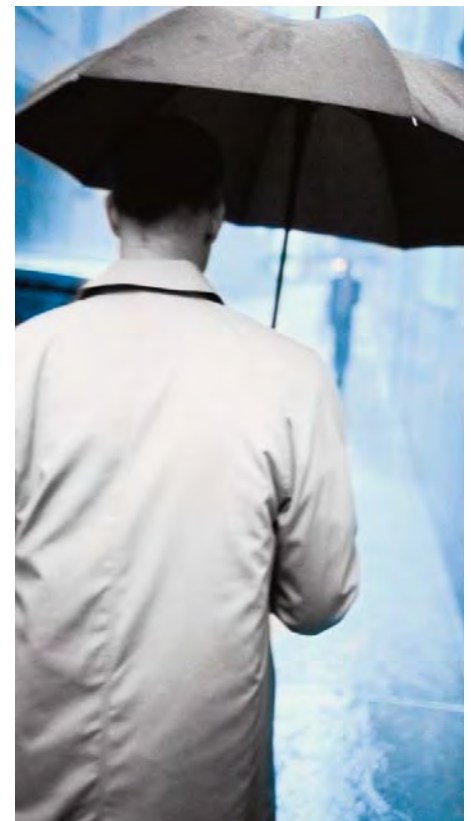
Employers looking to offer important and valued voluntary benefits to their employees—including executives and partners—are increasingly considering such options as *Group Personal Umbrella Liability Programs* and *Affinity Personal Insurance Programs* for homeowner, liability, and automobile coverage. They provide discounted pricing and broad coverage not readily available in the marketplace for individuals, and can be added with no premium cost and minimal administrative expense for the employer.

A *Group Personal Umbrella Liability Program* provides, at a significantly reduced premium, a high-value benefit not readily available to an individual buyer. The coverage protects assets from personal liability claims that exceed the coverage on underlying policies. In addition, the *Group Personal Umbrella Liability Program* provides a

layer of protection for the employer from the non-owned auto exposure when employees use their personal vehicles for business.

Generally, the maximum individual automobile and personal liability coverage available is \$500,000. Individuals turn to umbrella liability coverage for higher limits to increase their protection. However, underwriting limitations based on prior losses and driving history, along with pricing based on exposures (number of cars, homes, and watercraft as well as drivers' ages, among other factors), can prevent individuals from purchasing higher limits. With a *Group Personal Umbrella Liability Program*:

- Coverage limits from \$3 million to \$50 million specific for each participants' objectives are available without a group aggregate limit;



- Simplified underwriting process—individual review of driving a claims history is waived;
- Efficient paperless administration; and
- Premiums are on average 25 percent to 50 percent lower than similar coverage on an individual policy.

Additional benefits not commonly included on individual policies include:

- \$25,000 limit for identity fraud;
- \$10,000 limit for “shadow defense,” an allowance to retain counsel of the insured’s choice to review and monitor insurer provided defense;
- Worldwide coverage; and
- No exclusion for “rebounding devices—trampolines.”

Employer-sponsored *Affinity Personal Insurance Programs* provide discounted residential and automobile coverage to

eligible employees. With the employee discount, automobile and residential rates are often significantly lower than other insurers offering similar coverage.

With an *Affinity Personal Insurance Program*, employers have no responsibility for policy administration, billing, or claims service; these functions are handled by the broker and the insurer. The employer is asked to support the marketing of the program through kick-off meetings and communications to staff, including information on the benefit website, and newsletter articles.

Products are available to cover all segments of the insurance marketplace. For the affluent segment of the residential market, there is capacity to provide coverage for residences with high values and any collection of art, jewelry, or furs. *Affinity Personal Insurance Program* can be designed using

multiple insurers so that competitive coverage is available for all employees in any location. ■



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