

## In this Issue

- ▶ [A Message From Mitch](#)
- ▶ [What is the Outlook for Japan and What Effect Could the Nation's Disasters Have on the World Economy and Financial Markets?](#)
- ▶ [Temporary Tax Incentives Could Affect Businesses of All Sizes](#)
- ▶ [Certain Internal Claims and Appeals Requirements Under PPACA Further Delayed](#)
- ▶ [Obama Expected to Sign Repeal of PPACA 1099 Requirement](#)
- ▶ [DOL Releases Another Set of PPACA FAQs](#)
- ▶ [IRS Provides Transition Guidance and Relief for W-2 Reporting](#)
- ▶ [IRS Releases Spring Edition of Employee Plans News](#)
- ▶ [State Update: Nevada](#)

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## A Message From Mitch

Hello and welcome to spring!



I recently participated in a workshop at the Sparks Library called "It's Your Money." This is a five-week series of presentations organized by Pangborn & Co., Ltd. and the Community Foundation of Western Nevada. Each workshop covers a unique financial topic. I presented information regarding annuities, financial products and life insurance. This workshop gave the attendees the opportunity to hear about all available options and helped them to navigate which products would best fit their financial goals and protect their assets. If you have questions or would like more information about any of the products mentioned above, [please feel free to contact me for an appointment.](#) I would be happy to sit down and review your portfolio to make ensure you are properly protected.

Continuing to help protect your health and wealth,

[Mitch Laughton](#), CLU, ChFC, AIF

## What is the Outlook for Japan and What Effect Could the Nation's Disasters Have on the World Economy and Financial Markets?

The Japanese government is estimating that the damage caused by the 9.0 temblor and the resulting tsunami and nuclear accident that devastated Japan's northeast coast on March 11, 2011, may surpass \$309 billion. That price tag — more than double the damage from Hurricane Katrina, which ravaged the U.S. Gulf Coast in 2005 — would make this the costliest natural disaster on record. Japan is a key supplier of equipment, mainly related to transportation and machinery. It supplies 14% of the world's automotive exports and is an important source of parts for U.S. car makers. A shortage of just a few parts can bring an assembly line to a halt. This could lead to temporary plant closings while new supply chains are established. If Japan can't restart production on key exports, it could create openings for its competitors.

### **New Compliance Resource Available — Group Health Plan Federal Notifications and Filings**

This client-facing document provides two charts summarizing certain federal notifications and filings that employers should consider when sponsoring a group health plan. The first chart outlines the required notifications that an employer must provide to an employee annually, upon eligibility for and enrollment in the health plan, and upon coverage termination. The second chart outlines various group health plan filing and disclosure requirements with which an employer must comply.

[Click here to view the entire notice.](#)

Tragedies like the one unfolding in Japan may be unpredictable, but they are inevitable.

**It's important not to overreact to such events, but to position your portfolio to withstand — and perhaps benefit — when they strike.**

[Read more about the financial effects of Japan's crisis.](#)

[View a history of market recovery trends following a major crisis.](#)

## **Temporary Tax Incentives Could Affect Businesses of All Sizes**

Although Congress was unable to tackle the controversial issue of future income tax rates before the 2010 midterms, it quietly passed a little-noticed tax package, the Small Business Jobs Act of 2009 (H.R. 5297), that may benefit small businesses and even individual taxpayers. These tax incentives include the following:



- Lending support
- Bonus depreciation
- Section 179 expensing
- Small-business income tax credits
- Start-up expense deduction
- Self-employed tax break

[Read the full details about tax incentives here.](#)

## **Certain Internal Claims and Appeals Requirements Under PPACA Further Delayed**

On March 18, 2011, the U.S. Departments of Labor (DOL), Health and Human Services and Treasury jointly published Technical Release No. 2011-01. The release announces a second delay with respect to enforcement of certain new provisions, as outlined in interim final regulations issued in 2010, relating to the Patient Protection and Affordable Care Act (PPACA) internal claims and appeals requirements. There are generally seven items covered by the 2010 interim final regulations, and now there are three effective dates for implementation of these various items. The seven items provide the following additional standards for internal claims and appeals processes, and include the related new effective dates.

As a reminder, the provisions of the interim final regulations and subsequent Technical Releases 2010-02 and 2011-01 apply to non-grandfathered plans.

[Click here to view the entire Technical Release.](#)

## **Obama Expected to Sign Repeal of PPACA 1099 Requirement**

On April 4, 2011, the U.S. Senate passed HR 4, which repeals the provision in the Patient Protection and Affordable Care Act (PPACA) that would have required businesses to file Form 1099 tax forms beginning in 2012 for all purchases of \$600 or more. The 1099 provision would have required businesses to send a Form 1099 to vendors, retailers, utility companies, and any other entity that a business contracts with in an amount greater than \$600, and the businesses would also have had to file a copy of the Form 1099 with the IRS. The repeal of the 1099 requirement is welcome news for businesses that would have been burdened with such additional reporting requirements. HR 4 is now headed to President Obama, who is expected to sign the bill.

[HR 4](#)  
[HR 4 Bill Summary](#)

## **DOL Releases Another Set of PPACA FAQs**

In what has become a regular occurrence, the Department of Labor (DOL) has released yet another set of Frequently Asked Questions (FAQs) relating to PPACA. This set of questions makes up Part VI, and provides even further additional insight into the Departments of Health and Human Services, Labor, and the Treasury, with the goal of helping people to understand PPACA.

With a total of six questions, Part VI of the FAQs is relatively short, but includes several important clarifications. For example, Q/A-1 provides five examples of what would constitute a "bona fide employment-based reason" for employees enrolled in a benefit package that is being eliminated to be transferred into another benefit package. This clarification is important for employers who wish to retain grandfathered status but are eliminating a benefit package and are concerned about the anti-abuse rule contained in the law. Q/A-4 and Q/A-5 are similar to each other, but make the distinction concerning when a plan will actually lose its grandfathered status if an amendment is effective at the beginning or in the middle of the plan year. Finally, there are other FAQs concerning the movement of prescription drugs from one tier to another, the interaction of value-based design and the no cost-sharing preventive care services requirement, and plans that use formulas for determining an employer's contribution rate.

[Click here to view the FAQs](#)

## **IRS Provides Transition Guidance and Relief for W-2 Reporting**

On March 29, 2011, the IRS issued interim employer guidance on

reporting the cost of health insurance coverage on employees' W-2s, which is required. While the IRS previously made such reporting optional for tax year 2011 for all employers, it went one step further in Notice 2011-28 and provided additional relief for smaller employers – those filing fewer than 250 Forms W-2 – by making the requirement optional for those employers for the 2012 tax year as well (2012 W-2 forms would generally be furnished to employees in January 2013). Through a Question and Answer format, the guidance generally includes information on how to report the information required on a W-2, what coverage must be included, and how to determine the aggregate cost of such coverage. The IRS emphasized that the reporting to employees is for informational purposes only and will not cause excludable employer-provided health care coverage to become taxable. The IRS also made clear that employers will not have to issue W-2s to retirees who receive health care coverage but no longer receive wages or salary. The IRS has solicited comments on all aspects of the interim guidance, and particularly requested comments on, among other things, challenges employers may face in implementing the reporting requirements and how further guidance could address those challenges.

[News Release](#)  
[IRS Notice 2011-28](#)  
[FAQ's](#)

Source: *Littler Mendelson*

## **IRS Releases Spring Edition of Employee Plans News**

On March 23, 2011, the IRS released the Spring 2011 edition of Employee Plans News. The newsletter contains a number of articles, citations and links related to retirement plans including:

- Preparer Tax Identification Number – who needs a PTIN?
- ESOPs – Definition of Readily Tradable Employer Securities
- New 6-Year Cycle for Pre-Approved Defined Contribution Plans
- Review Your Client's Retirement Plan
- Employee Plans Compliance Unit's Funding Deficiency Project
- 403(b) Plans -- Ineligible submissions for the Voluntary Correction Program, new guidance on 403(b) plan terminations, and updated FAQs
- Compliance Checks - I Received a Letter, Now What?
- Latest 401(k) Questionnaire Developments -- Next steps in the project, including consequences for those who declined to complete the Questionnaire
- Multiple phone forum and webinar opportunities, as well as updated publications and recurring columns are also included in this edition
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[Click here to view the newsletter.](#)

## State Update: Nevada

**Bulletin 11-001** lists requirements for health insurance carriers to provide information to the policyholder about claims paid on behalf of that policyholder. Nevada Revised Statute 687B.355 states such information must be provided within 30 working days of the request by the policyholder and that the health carrier may charge a reasonable fee for the information.

Of interest to employers will be the minimum reporting information that a carrier is required to provide upon request within 30 working days. This information differs depending on the size of the group--a small group of two to 100 lives versus a large group of 100 or more lives. The difference is outlined in the bulletin. This bulletin is effective on Feb. 1, 2011.

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