NATIONAL CONFERENCE NASSAU/SUFFOLK NCCPAP CHAPTER OF CPA PRACTITIONERS

The National Conference of CPA Practitioners

Nassau/Suffolk Chapter   Volume 10, Issue 4   October 2013

Thursday, October 24, 2013
35TH ANNIVERSARY CELEBRATION

*INSTALLATION OF OUR 2013-2014 OFFICERS & DIRECTORS

*RECOGNITION OF OUR FOUNDING FATHERS:
EDWIN KLIEGMAN, CPA ~ IRWIN POMERANTZ, CPA ~ HERBERT SCHOENFELD, CPA

*LIFETIME ACHIEVEMENT AWARD;
ROBERT L. GOLDFARB, CPA, PFS, CFP, DABFE, CFF AND CGMA

*PRESENTATION OF GOLD AWARD

COCKTAIL & DINNER: $ 125/PP ~ TABLE OF TEN $ 1125.00

Fox Hollow Country Club - 7755 Jericho Turnpike, Woodbury, NY 11797

6 PM COCKTAILS / 7 PM DINNER

BLACK TIE OPTIONAL ~ RSVP BY OCTOBER 9TH

SEND IN YOUR JOURNAL ADS BY OCTOBER 9TH

Date	**Wednesday, October 30, 2013 - MAP**
Topic	**GROWING YOUR BUSINESS**
Moderators	Sandra G. Johnson, CPA, EA, CFE of Sandra G. Johnson, CPA Douglas Sinetar, CPA of Douglas Sinetar, CPA, PC Robert Brown, CPA of Robert N. Brown, CPA
Credits	2 CPE/MAP/Advisory Services
NEW Location	**The Woodlands @ Woodbury** **1 South Woods Road, Woodbury NY 11797**
Time	Registration: 7:45 AM; Program: 8:00 - 10:00 AM
Cost Members	On or before Wednesday, Oct., 23 - $30.00; After Wednesday, Oct 23 - $40.00
Non-Members	On or before Wednesday, Oct., 23 - $40.00; After Wednesday, Oct 23 - $50.00
At The DOOR	**$50.00 for all**

Sponsor Everbank

2013 Long Island Tax Professionals Symposium

November 20, 21 & 22, 2013

http://go.nccpap.org/litps/Home/

To register for any of our meetings, please visit go.nccpap.org

President's Message

As an organization of CPA's we are about to finally reach the end of perhaps the most grueling tax season in recent memory. I know that this October 15th deadline has drained all of us more than any other. I also know that after the infamous deadline has passed, each of us will take a deep breath and prepare for another year.

Our lives work in similar fashion - we proceed each day and then reflect on the swift passage of time and life that just seems to occur faster and faster. As we reflect on the passage of time, we need to stop and remember using those memories to help us build the future of our family and professional life.

NCCPAP is no different, as we take an evening to pause and reflect on the last 35 years, and gather to salute our past, honor the present, and turn towards the future.

On October 24th, we will join with the other Chapters, and our National Board, to remember the surviving founding fathers of the past, to honor the present with a Lifetime Achievement Award to Robert Goldfarb, and to turn to the future by installing our new Officers and Directors at both Chapter and National levels. It will be an evening to remember our past, celebrate the present and look to our future. Basically, it will be an evening that will be one of those cherished moments to be shared with as many as can possibly attend.

Part of the evening will be a special journal being finalized. There is still a limited time, as we have extended the journal deadline to October 9th, for submission of journal ads. There is a form in this newsletter to use and submit with your ad to our office as indicated. I urge your participation, to honor our organization, our honorees, or any other NCCPAP member you would like. Your attending the dinner and submitting an ad is certainly for the organization, but it is also a way for you to pause to hopefully remember with gratitude that NCCPAP has been a part of your own professional advancement and development.

I mentioned about passages of time, and that calls attention to other passages of time at our Chapter. After three years our MAP Co-Chairs Sandra Johnson and Doug Sinetar will be turning over the MAP reigns to Robert Brown and Brian Cleary. Sandy and Doug have done an outstanding job in creative MAP programming, and although they will be missed, they will remain a vital part of our Chapter. I am proud to say that our MAP programs have been recognized nationwide for their content, and that Sandy has now been asked to present from Florida to Boston, and everywhere in the middle. Robert and Brian have plans for new ideas and programs, and we look forward to hearing more about them.

One other note regarding the passage of time and creative new ideas relates to our Symposium, which is now entering the eleventh year. It has been led by a committee of dedicated people and their "almost" tireless chair Robert Goldfarb. However, they too need new ideas, and new people to bring the symposium to a new level. Please see the form for volunteers. Now more, than ever ,we need new people to help lead this major event for future years. All we ask is that you take a small volunteer position now, to learn more, and hopefully help relieve some of the responsibility for these leaders in future years.

Finally, one last passage of time is the passing of the famous NCCPAP Gavel from one President to the next. As my tenure is completed at the end of this month, it is time for the next board to build on the past that was placed in my hands, and to build on what we have done together the last two years. I will have much more to add on my tenure, with the tremendous gratitude I have for so many in a final farewell message.

For now, I just want to say that these last two years was a wonderful experience that I will always cherish. I will be there to support my good friend and President elect Michael Rubinstein, and his new officers and trustees.

I close this last article with the words that have been the hallmark of our aim, and certainly my own personal wishes, in that we always remain an extended family with the strong bonds that exist to indeed be sure that members are helping members!

I will always be grateful for the friendship and support of each and every one of you.

Gary Sanders, CPA

POLICY

THE FEES FOR MEMBER REGISTRATIONS ARE:

CHAPTER MEETING (2 CPE): $60.00 WITH *PRE-REGISTRATION AND $75.00 REGULAR REGISTRATION, AND/OR AT THE DOOR REGISTRATION.
MAP MEETING: $30.00 WITH *PRE-REGISTRATION AND $40.00 REGULAR REGISTRATION, AND AT THE DOOR $50.00 REGISTRATION.

THE FEES FOR NON-MEMBER REGISTRATIONS ARE:

CHAPTER MEETING (2 CPE): $60.00 WITH *PRE-REGISTRATION AND $75.00 REGULAR REGISTRATION, AND/OR AT THE DOOR REGISTRATION.
MAP MEETING: $40.00 WITH *PRE-REGISTRATION AND $50.00 REGULAR REGISTRATION, AND AT THE DOOR $50.00 REGISTRATION.
SEMINARS AND OTHER PROGRAMS: TBD

*PRE-REGISTRATION MEANS: A COMPLETED REGISTRATION FORM WITH PAYMENT AND POSTMARKED, FAXED OR E-MAILED TO THE N/S CHAPTER OFFICE THE FRIDAY PROCEEDING (Unless otherwise noted) THE CHAPTER MEETING, MAP MEETING AND/OR SEMINAR THAT YOU ARE PLANNING TO ATTEND.

CANCELLATION AND REFUND POLICY

A PRE-PAID REGISTRANT WHO CANNOT ATTEND THE CHAPTER MEETING, MAP MEETING AND/OR SEMINAR WILL BE ISSUED A REFUND IF CANCELLATION NOTICE IS GIVEN TO N/S NCCPAP CHAPTER OFFICE BY THE DAY BEFORE THE CHAPTER MEETING, MAP MEETING AND/OR SEMINAR.

LETS CELEBRATE

NCCPAP's

35th Anniversary

&

Joint Installation Dinner Dance

YOU ARE CORDIALLY INVITED TO OUR 35TH ANNIVERSARY CELEBRATION

Thursday, October 24, 2013
Cocktails at 6:00 pm *Dinner at 7:00 pm*

INSTALLATION OF OUR
2013-2014 OFFICERS AND DIRECTORS

RECOGNITIONS OF OUR
FOUNDING FATHER'S

SPECIAL RECOGNITION TO
ROBERT L. GOLDFARB, CPA, PFS, CFP, DABFE, DABFA, CFF and CGMA

and
PRESENTATION OF GOLD AWARD

Fox Hollow
7755 Jericho Turnpike
Woodbury, NY 11797

$125 per person Table of 10 for $1,125
RSVP by October 9, 2013

Black Tie Optional

NCCPAP's 35TH ANNIVERSAY
DINNER AND INSTALLATION OF OFFICERS AND DIRECTORS

RSVP BY OCTOBER 9, 2013

Please reserve_______ ticket(s) at $125.00 per person
(includes Cocktail & Dinner).
My check for $______ payable to NCCPAP is enclosed.

I can/cannot attend. Enclosed is my donation of $________

Name______________________________________

Firm Name__________________________________

Address____________________________________

Town, State, Zip Code_________________________

Phone______________________________________

Address____________________________________

E-Mail Address_______________________________

COMPLETE FORM ABOVE FOR DINNER RESERVATION AND MAIL TO:
NCCPAP
22 JERICHO TURNPIKE STE. 110
MINEOLA, NY 11501

ANNIVERSARY JOURNAL

Journal Deadline October 9, 2013

Journal advertising offers you an opportunity to highlight your support for NCCPAP and/or show your appreciation to our Honorees.

Journal Ad Rates - Page 8 1/2 x 11 inches (BLACK & WHITE ONLY)

Back Cover	$1500.	Inside Front Cover	$1500.
Inside Back Cover	$1500.	Full Page	$1000.
Half Page	$600.	Quarter Page	$350.
2 x 31/2 inches - note (No Logos)			$125.

We hereby agree to take a ________ page ad in the NCCPAP 35th Anniversary Journal and enclose the sum of $________ payable to **NCCPAP.**

Please forward your ad in a word document, JPG or PDF only.
Must be camera ready.
That means we are not graphic artists and do not create ads!

Forward ads to: egelbien@ns-nccpap.org Subject: Journal Ad

Questions Call NCCPAP at (516) 333-8282
NCCPAP – 22 Jericho Turnpike, Ste. 110 – Mineola, NY 11501

SAVE THE DATE

Our Biggest Event of the Year

2013 Long Island Tax Professionals Symposium

November 20, 21 & 22, 2013

We will email you and post on our website when Registration will be opened

JOIN THE LITPS SYMPOSIUM TEAM
WE NEED YOUR HELP!!
2013 Long Island Tax Professional Symposium
Volunteer Request Application

PLEASE REGISTER AND SIGN UP TO HELP MAKE THIS YEAR'S EVENT EVEN BETTER THAN LAST YEAR'S

Please send your replies to: Patti Kass, patti@ns-nccpap.org or Fax to: (516) 997-5155

As always, we need volunteers to help run the Event

Dates: November 20, 21 & 122, 2013 Time: 7:00 AM to 5:00 PM

Please volunteer!!!!

Volunteers are needed for:

1) Registration & Sign-In Tables: starting at 7:00 AM Daily

2) Course Sign In: for attendance and handouts in the rooms: Daily
   We will try our very best to assign people to the session (Course) which they will be attending.

3) Before the Event:
   Monday, November 18, 2013
   to set up and prepare from 5:30 p.m. – 10:00 p.m. Dinner will be provided

PLEASE MAKE SURE YOUR SYMPOSIUM REGISTRATION HAS BEEN RECEIVED BY THE N/S CHAPTER OFFICE IN ORDER FOR US TO PROPERLY PLACE YOU!

Please email Patti Kass patti@ns-nccpap.org Fax to: (516) 997-5155 with your:

Name: ______________________________

E-Mail Address: ______________________

Phone Numbers: ______________________

Please check off what you are willing to volunteer for:

Registration Desk ______ Table Sign-In Desk______ Course Sign-In_____

MEETING SCHEDULE 2013

***New Location for MAP, CHAPTER MEETINGS, CPE/A&A and 4 CPE/ETHICS:**
The Woodlands at Woodbury 1 South Woods Road, Woodbury, NY 11797

In the Town of Oyster Bay Golf Course

Chapter Meetings: Registration/Dinner/Networking is at 5:30 PM
8 CPE/A&A and 4 CPE/ETHICS Registration/Breakfast/Networking is at 7:45 AM
MAP Registration/Breakfast/Networking is at 7:45 AM

Wednesday	Oct. 30	Growing Your Business	2 CPE/ADVISORY SERVICES MAP
	Nov. 20, 21 & 22, 2013	Long Island Tax Symposium	CREST HOLLOW COUNTRY CLUB, WOODBURY
Thursday	Dec. 5*	Preparing for your Peer Review	2 CPE/A&A
Wednesday	Dec. 18	Revving up for Tax Season 2014	2 CPE/ADVISORY SERVICES MAP

MEETING SCHEDULE 2014

Wednesday	Jan. 29	Joint Meeting: The Loan A-Ranger - With NYSSCPA	2 CPE/ADVISORY SERVICES MAP
Wednesday	Feb. 26	Pre Tax Season Roundtable - MAP	2 CPE/ADVISORY SERVICES MAP
Wednesday	Apr. 30	Post Tax Season Roundtable - MAP	2 CPE/ADVISORY SERVICES MAP
Wednesday	May 28	CPAs and Technology	2 CPE/ADVISORY SERVICES MAP
Wednesday	June 25	Time Management	2 CPE/ADVISORY SERVICES MAP

*** Chapter Meeting** **All Meetings Subject to Change**

Some dates are subject to change. Above is just a sample of what is ahead. The Educational Committee is working hard on securing the Topics and Speakers.

LONG ISLAND EAST CHAPTER SCHEDULE

**Courtyard Marriott Long Island MacArthur Airport*
5000 Express Drive South
Ronkonkoma, NY 11779

***Airport Diner*
3760 Veterans Highway
Ronkonkoma, NY 11779

Tuesday	Oct 15**	Develop a Strategic Marketing Plan	2 CPE/MAP/ADVISORY SERVICES
Tuesday	Dec 10	Holiday Party Topic to Be Determined	3 CPE/Tax

NASSAU/SUFFOLK CHAPTER
OF N/S NCCPAP
22 Jericho Turnpike, Suite 110, Mineola, NY 11501
(516) 997-9500 Ext. 2 Fax (516) 997-5155
Email: egelbien@ns-nccpap.org

November 1, 2013 to October 31, 2014

OFFICERS

President	Michael Rubinstein, CPA	succeeding	Gary Sanders, CPA
Executive VP	Robert Brown, CPA	succeeding	Michael Rubinstein, CPA
Vice President	Abby Alhante, CPA	succeeding	Sandra G. Johnson, CPA, EA, CFE
Secretary	Sheldon Kronowitz, CPA	succeeding	Stephen Weisberg, CPA
Treasurer	Stephen Weisberg, CPA	succeeding	Abby Alhante, CPA
Past President	Gary Sanders, CPA		

DIRECTORS TO SERVE TWO-YEAR TERM

Andrea Parness, CPA	succeeding	Andrea Parness, CPA
Stephen Sternlieb, CPA	succeeding	Robert Brown, CPA
Michael Walter, CPA	succeeding	Sheldon Kronowitz, CPA

DIRECTORS TO SERVE FINAL YEAR OF TERM

Susan Gallo, CPA	succeeding	Susan Gallo, CPA
Walter Koprowski, CPA	succeeding	Walter Koprowski, CPA
Mark Rosman, CPA	succeeding	Mark Rosman, CPA

MAP – MANAGEMENT OF AN ACCOUNTING PRACTICE

For three years Sandy Johnson and Doug Sinetar have co-chaired our nationally renowned MAP committee! Attendance at the meetings has grown tremendously, prompting a move to the Woodlands. While both Sandy and Doug love the committee and are more than willing to continue in their positions, they also understand the need to bring in new blood and fresh ideas.

As such, Robert Brown has volunteered to step in to the position of chair effective November 1, 2013. Rob is looking to bring on two more people to assist him in this position. Anyone looking to grow his or her practice should seriously consider volunteering for this position as you will learn as you go.

Thank you to Sandy and Doug for all your hard work and best of luck to Rob.

Sandra Johnson CPA, Douglas Sinetar, CPA & Robert Brown CPA

Membership Drive Brings in New Members

On July 23 the Nassau/Suffolk chapter held a cocktail party membership drive at the Capital One Executive Dining Room. The membership drive kicked off NCCPAP's 35th anniversary celebration. Members of the Nassau/Suffolk board of directors greeted individuals who were learning about our organization for the first time. A MAP presentation entitled "Show Me the Money!" followed the cocktail hour.

We are happy to report that most of the attendees became members at the end of the evening. We welcome them and look forward to seeing them at many upcoming events. We also hope that many of them will get more involved in the organization; joining committees, volunteering at the tax symposium, speaking at seminars, joining the board of directors, and more.

Thank you to Sanjay Mukhi and Capital One for your generosity in hosting this event.

Sandra G. Johnson, CPA, P.C.

Social Media Series an Overwhelming Success!

The Nassau/Suffolk chapter just finished up its three part social media series. Sandy Johnson and Diana Aledort taught attendees how to use Facebook, LinkedIn, YouTube, Twitter and blogs to grow a practice. Attendees brought their laptops and iPads as they learned how to set up a Facebook page. Members were treated to a wonderful YouTube video on the Debit-Credit Theory.

Sanjay Mukhi and Capital One sponsored this series by hosting delicious breakfasts in their Executive Dining Room. Thank you again to Capital One for your ongoing support of our organization and its members.

Sandra G. Johnson, CPA, P.C.

GOOD & WELFARE

Our Get Well Wishes to:

Jack A Annunziato, CPA of Annunziato & Levinsky
Steven Greenberg, CPA of Steven Greenberg & Co.,CPAs PC
Laurie Greenberg, CPA of Lebensbaum, Greenberg & Borgwald, CPA PC
Stephen Weisberg, CPA of Feldman, Weisberg, Lesk & Kampfer, LLP CPAs on is speedy recovery

Our Condolences to:

Gary Sanders, CPA of Raphael Sanders Goldberg Nikpour on the passing of his Uncle, Herbert Segerman
The Family and Friends of long time member, Fred Steinberg, CPA

Our Congratulations to:

Our Proposed Slate of Officers, May they Be Elected and Serve to the betterment of our Chapter
Carol & Robert Markman on their journey to Israel

Our Good & Welfare Chairman is Stephen Sternlieb, CPA steve@ssternliebcpa.com

Welcome to Our New Members

Barbara	Avener	Barbara Avener, CPA
Sheryl	Badolato	Sheryl Badolato, CPA
Raj	Bhalodkar	RCB CPA PLLC
Jack	Bibergal	Jack Bibergal, CPA
Scott	Cheslowitz	Rothenberg & Peters PLLC
Gayle	Cohen	GMC International Ltd
Nicholas	Corbisiero	Outsourced Bookkeeping, Accounting & Tax Services
Steven	D'Alesio	Steven D'Alesio, CPA
Michael	Devine	Michael Devine, CPA
Christopher	Esposito	Christopher Esposito, CPA PLLC
Christoper	Farrell	Goldstein & Co. LLP
Saul	Freitas	Fretas Management Consultants
Hank	Federman	Hank Federman, CPA
Roman	Furman	Tax Target Group LLC
Boris	Furman	Tax Target Group LLC
Leon	Goldapple	Leon Goldapple, CPA
Gary M.	Goldberg	Gary Goldberg, CPA
Jay	Gordon	Sheldon Gordon, CPA
Henry	Graber	Graber CPA LLC
Ibanessa	Hogen	Masterpiece Accounting Services
George	Jacobson	George J. Jacobson
Howard	Kaplan-Newman Kaplan	Newman Schwartz & Schwartz, LLC
William	Keats	Keats Tax & Financial Services
Steven	Lewis	Steven Lewis, CPA
Donna	Lotardo	DDL CPA PC
Anil	Melwani	Armel Tax
Leroy	Mitchell	Leroy W. Mitchell, CPA
Ben	Moosazadeh	Homayoon Moosazadeh, CPA PC
Sebastian	Murolo	Sebastian Benjamin Murolo, CPA
Jason	Palmer	Palmer Computer Svcs Inc.
Peter	Papagianakis	Business Law Firm
Marvin	Pasternak	Marvin Pasternak
Jocelyne	Pierre	Jocelyn E. Pierre, CPA
Joseph	Purpura	Joseph S. Purpura, LLC
Ellen	Rose	Sternbach & Rose, CPAS
Sheryl	Rubenbauer	Sheryl Rubenbauer, EA
Gautam	Sanghavi	SG Accounting, CPA PC
Joel	Schleifer	Perlman Schleifer & Perrone CPA's
Mary	Sherman	Mary Sherman, CPA
Gerard	Simonelli	Gerard Simonelli
Henry	Stern	Henry Stern CPA PC
Lawrence	Straus	Lawrence H. Straus, CPA
Stephen	Skira	Everbank
Martha E.	Vail	Martha E. Vail, CPA
Kathryn	Vunic	Vunic, LLC
Jeffrey	Wolf	GAF Financial
Steven	Zelin	Steven Zelin, CPA
Ronnie Millman	Zolin	Ronnie Millman Zolin, CP PC

The Paramount Importance of a Life Insurance Audit

Have you ever discovered a bank entry error in your checking register, resulting in a balance $100 or $1,000 less than what it should be? Imagine how much worse you would feel if your, or a client's Life Insurance policy worth $1,000,000, or more, that you thought would be available to a spouse, child or others upon death, were rendered unavailable due to a technicality.

Universal Life Insurance: The Industry's "Dirty Little Secret"

The most important reason that a Life Insurance contract should be reviewed is to determine how much longer the contract is guaranteed to remain in force. The reason you need to be proactive, whether you are a family man or a trustee acting on behalf of the best interest of a trust beneficiary, is because a great majority of life Insurance contracts that were purchased over the last 25 years were Universal Life and Variable Life Insurance Contracts. These Life Insurance contracts, unlike their more expensive Whole Life counterparts, were Not Guaranteed to last for a lifetime, since their performance was tied to an anticipated annual interest rate, or a stock index that could end up higher or lower than originally expected during the term of the contract.

Allow me to explain: back in the mid-1980s, when prevailing interest rates were as high as 14%-15%, there were only two types of Life Insurance contracts: Term Life Insurance, in which a specific dollar amount of life Insurance was guaranteed to remain in force for a specific period of time at a specific guaranteed premium; and Whole Life Insurance, which was guaranteed to remain effective for the entire life of the insured. These Whole Life contracts contained an accumulation account known as Cash Value, which was typically earning 3% annually. The Cash Value was available to be withdrawn and used for any purpose, so long as the owner paid a contractual 5% interest charge on the money that was withdrawn.

In a Whole Life contract, if a person had an accumulated Cash Value of $50,000 earning 3% interest, the owner had the ability to borrow the money at 5% and then place those dollars in a money market or savings account, where they could have earned 14%. Thus, without any additional risk, the owner would be able to earn an additional 9% on their $50,000 of Cash Value.

Due to the competition from banks' significantly higher interest rates, the insurance industry watched billions of dollars in their Cash Value coffers being withdrawn and transferred to the individual bank accounts of the people it insured. In order to stop these outflows, the life insurance industry created a new product called "Universal Life Insurance", which paid an interest rate based on prevailing market interest rates instead of a fixed rate, as had been the case in Whole Life contracts. If interest rates rose, then one's insurance coverage would, become less expensive or last for a longer period of time as a result of the larger amount of accumulated cash value. What was not as clearly understood, however, was that if interest rates decreased, then the length of time the coverage would remain in force would consequently be reduced, or a greater annual premium deposit would be required to prevent the earlier expiration of this coverage. In other words, the Universal Life contract provided no guarantee as to how long it would remain in force. If interest rates maintained their projections everything was fine, but if interest rates fell below their projections there would be a problem.

The problem faced by many Insured's today materialized because of the steadily, steeply declining interest rates following the higher interest rates of the mid-1980s. This resulted in 30-40% of today's Universal Life coverage on pace to expire years earlier than originally projected years earlier. When Universal Life was first offered, agents and brokers would ask their clients how long they wished the coverage to remain in force. Clients would typically respond that they wanted the coverage to last until age 92-95. Next an average interest rate was then assumed for the 20-30 year period it took to get to the specified age after the policy was issued and that interest rate was then plugged into a computer. The resulting computer illustration would provide the anticipated premium needed to keep that particular amount of Life Insurance in force for the desired period, but that time period was Not guaranteed, only assumed.

While this interest-sensitive product stopped the tremendous outflow of monies from the insurance industry's cash value coffers to the banks, the solution was not a long-term fix because it created other problems that have just began to surface over the last 5-6 years as a result of today's record-low interest rates. Let me explain, in the late 1980s, when interest rates were 14 -15%, many assumptions were made that interest rates would remain in the 10-12% range for a long period of time. Even the more conservative agents and brokers were projecting 7-10% rates. Although those assumptions seemed perfectly reasonable at the time, our staggeringly low interest rate environment has decimated Universal Life contracts with even the most conservative projections. As a result, the original assumption that a life Insurance contract has many as 8-10 years earlier than anticipated.

An audit of a Universal Life contract examines the actual interest rate return earned each year since the policy was purchased and actuarially determines exactly how long the contract will last based on (1) the historic actual return, and (2) the current age of the insured, and(3) any outstanding loans. Many individuals and trustees neglect to request this historical projection, and are not even aware that as a result of a poorer than expected performance, their contracts are now in danger of expiring earlier than originally expected. The more advance notice an insured or trustee has about a potential shortfall, the less additional monies are needed to adjust the coverage back to its originally projected level. I have often referred to the hidden risk of premature expirations of coverage shortfalls in Universal Life contracts as the insurance industry's "dirty little secret" because there was not sufficient disclosure initially provided stating that this new product was Not Guaranteed to last for one's lifetime. As a practitioner, I can say that the combination of a low interest rate environment and the fact that the octogenarian demographic is the fastest growing segment of the population is a ticking time bomb for the Life Insurance industry. My greatest concern is that individual trustees, many of whom are the sons and daughters of the insured (or the grantor of a trust), are not even aware that they need to review their parents existing Life Insurance contracts, nor is there a mechanism in place to conduct such a review. This inaction can be viewed as a failure of their fiduciary responsibility as a trustee leaving them vulnerable to litigation from other family members/beneficiaries that may lose trust assets in the process.

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That being said, this article is primarily meant to draw attention to the professional or institutional trustees, who are now responsible for well over three trillion dollars of trust-owned Life Insurance (T.O.L.I) contracts. Many of these T.O.L.I contracts are ones in which the insured or grantor may have incorrectly assumed years ago about how interest rates would behave going forward. Historically 35% of those contracts contain death benefits that are no longer guaranteed due to continuously lowered interest rates. While some institutional trustees are aware of this problem and are employing third party actuarial audit firms to conduct an independent review, 83% of professional trustees surveyed admitted that they had no guidelines or procedures for handling these problems, and 96% had no policy statements on how to handle Life Insurance investments.

The frightening aspect of this situation is that according to recent O.C.C guidelines, these trustees may be negligent in fulfilling their fiduciary obligation to protect trust assets for their beneficiaries. The O.C.C continues to require bank fiduciaries to follow 12 CFR 9.6(c) and 12 CFR 150.220, which direct them to conduct annual investment reviews of all assets within each fiduciary account for which the bank or trust company has investment discretion. This review should evaluate the financial health of the issuing insurance company, and it should also examine whether the policy is performing as illustrated. If the policy is underperforming, the fiduciary should consider replacement or remediation. If the trustee does not have the necessary skills to make this determination, it is the trustee's fiduciary obligation to obtain this expert service from an outside source.

Harvey Pitt, the former SEC Chairman, cautioned banks that in today's heavily regulated post Sarbanes –Oxley environment, they should learn from their sector's past mistakes and replace inadequate and outdated processes with ones that are more efficient and up-to-date. Many of these flawed, outdated processes merely document and focus on the health of the insurance company instead of the shortcomings of the particular Life Insurance policy. Unfortunately, the mere analysis of the life insurance company will not provide a strong defense in the event of litigation. In accordance with O.C.C Reg. 9.6c.11, if a trustee determines that it lacks the expertise to evaluate the premium adequacy risk or the contract's appropriateness to fulfill the beneficiary's objectives, the trustee has an affirmative duty to bring in the necessary experts and inform the beneficiary of the suggested remediation steps.

<u>Other Reasons to Review Your Life Insurance Contract</u>

While the foregoing considerations are compelling enough by themselves to highlight the importance of regularly reviewing a Life Insurance contract, individual policyholders and trustees should also consider conducting such reviews for other reasons as well. One such reason is that the options and riders available in today Life Insurance contracts were simply not available when they first purchased their Life Insurance contracts...

One example of such an advantage is the Chronic Care Rider. Notably, the Chronic Care Rider first became available at the end of 2011, so any Universal Life contract purchased prior to 2012 does not have this rider available. The Chronic Care Rider in 2013 allows an individual to withdraw up to $116,000 tax-free on an annual basis from the death benefit of his or her Life Insurance contract to pay for qualifying long-term care expenses. The Chronic Care Rider is a major new benefit that everyone should absolutely attempt to obtain, assuming they meet two criteria: (1) the individual is healthy enough to purchase a new contract from an Insurance Company that contains these provisions, and (2) that the premium on the new contract would be similar to the premiums they are currently paying.

Another important consideration during an audit is ascertaining whether the Life Insurance contract you currently have is competitive in terms of net expenses and costs and whether it still fits your current objectives. That may involve measures as simple as evaluating whether the beneficiary and owner designations are still accurate and correct. If a life insurance contract is owned or controlled by the insured, he or she may have to unnecessarily pay a New York State Estate tax, which can be as high as 16%. While the Federal Estate Tax has been eliminated for estates under $5,250,000, the N.Y. State Estate tax is still required for estates valued over $1 mil. This tax however can potentially be avoided by simply using an Irrevocable Life Insurance Trust (ILIT), as the owner of the Life Insurance contract rather than the individual Insured.

In conclusion, being aware of the potential problems and opportunities within the Life Insurance arena should be a major point of emphasis for both Individual trustees and professional or Institutional trustees to protect the assets in place for the benefit of their beneficiaries. This is especially important for professional and Institutional trustees due to the risk of litigation from a disgruntled beneficiary. A beneficiary can allege a cause of action in two different scenarios: first, if the Life Insurance coverage prematurely expires, and the beneficiary is never made aware that a shortfall, that could have more easily been made up years earlier, existed, and second, if the proceeds of the Life Insurance contract are mistakenly included in the gross estate of the insured, resulting in their being unnecessarily subject to State or Federal Estate taxes. An independently conducted, actuarial Life Insurance audit not only inoculates a trustee against litigation risk brought about by other family members, but equally important is that it is also highly likely to benefit the entire family if a better option costing less, with a longer guarantee and new riders not previously available, were found to be available.

Article was submitted by Henry Montag CFP, CLTC, Financial Forums Inc. 516 695-4662 www.financialforumsinc.com, henry@financialforumsinc.com

CHAPTER MEMBER BENEFITS AND DISCOUNTS

A SHRED Away, Inc., Charlie DeBlasio. This company comes to your business location with a shredding truck. The rate is hourly and much below what my firm has previously paid. Charlie can be contacted by phone (631) 456-2279 or charlie.deblasio@gmail.com.

Receive a 30% discount on **CCH Products.** The members are billed directly.
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An excellent scholarly **free periodic tax publication** is the "Tax News and Comment" distributed by the law firm of David L. Silverman, Esq. of Lake Success, New York. To receive issues by email, call (516) 466-5900, or reply to dsilverman@nytaxattorney.com or visit nytaxattorney.com.

ADP Fishing Trip

What a beautiful day
Thank you ADP!

Honoring

Matthew Zelen

Hazel Diamond

Help us find a cure for

ataxia-telangiectasia

HOPE WITH EVERY STEP

kids. hope. cure.

VALLEY STREAM

5K Family Fun Walk

Saturday November 2, 2013

10:00 AM ~ Rain or Shine!

benefitting the A-T CHILDREN'S PROJECT®
kids. hope. cure.
atcp.org info@atcp.org

Ataxia-telangiectasia (A-T) is a rare genetic disease that attacks children. A-T is like having cystic fibrosis, cerebral palsy, immune deficiencies, muscular dystrophy, and cancer all rolled into one genetic disease.

Raise the most money for A-T research to win a

KINDLE FIRE!

Sponsor form available online at registration

Raffles

Shirts

Prizes

Lots of Family Fun

Registration + t-shirt
$25 person
$50 family of 3
$75 family of 4+

CONTACT:
Deb Zelen: 917.923.5331
or dzelencpa@gmail.com

LOCATION: A.J. Hendrickson Park
Located on West Merrick Road between North Franklin Avenue and Fletcher Avenue

REGISTRATION: 9:00 AM ~ Arrive Early!
Pick up shirts and turn in your sponsor money

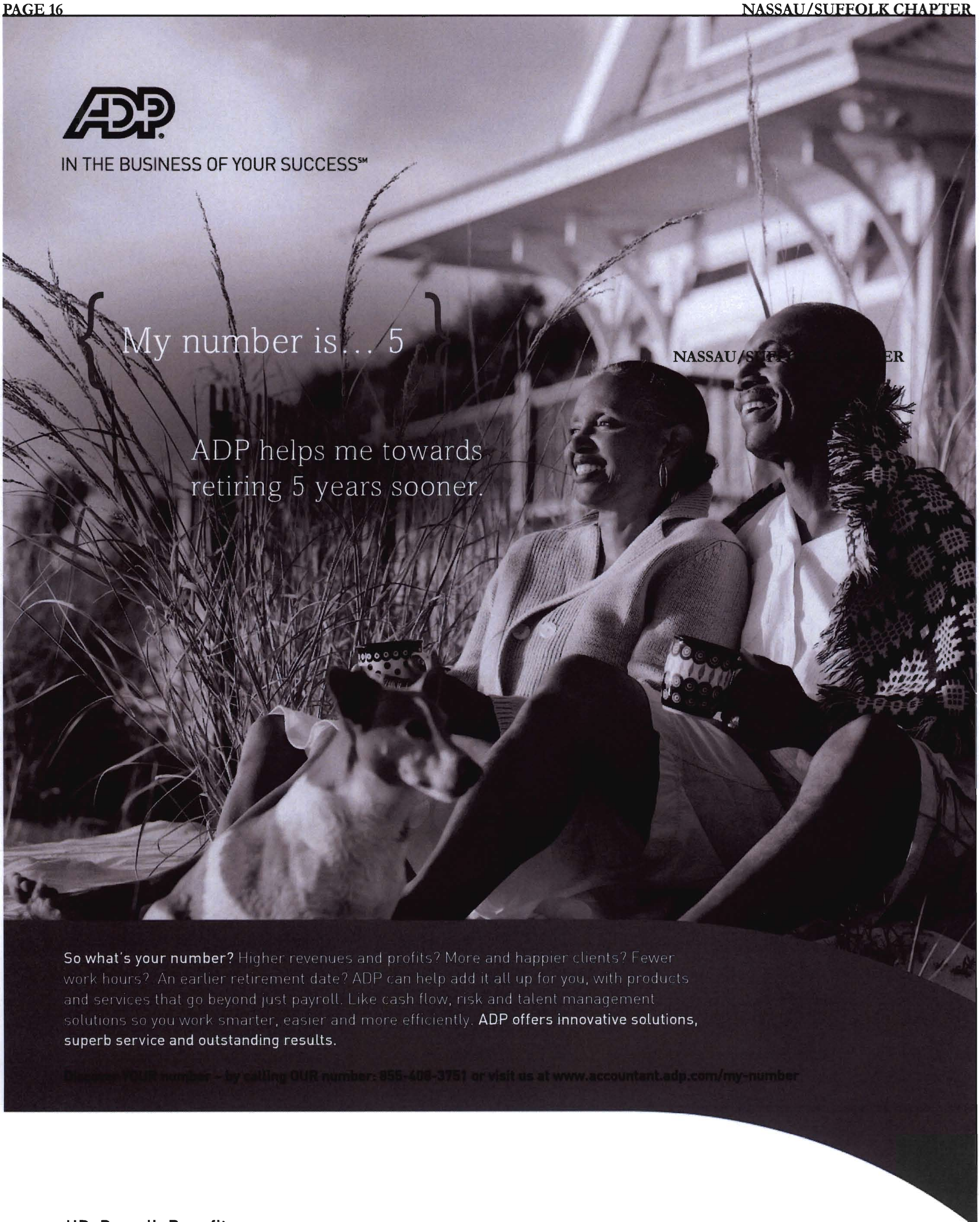
5K WALK: 10:00 AM ~ Strollers, skates, bikes, wagons all welcome

FOOD: Bagels, fruit, coffee, water, etc.

RAFFLES: Item donations welcome

REGISTER ONLINE:
www.ATCP.ORG/HopeStepValleyStream

Anyone can donate even if they aren't participating in the walk, either by logging onto the website or by sponsoring me. No donation is too small.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FAX 516-333-4099
www.NCCPAP.org

National Conference of CPA Practitioners

Firm Information

Name:______________________________

____

Contact Person:________________________

Email address:_________________________

Phone number:_________________________

Fax #: ______________________________

Website:_____________________________

Is the firm required to have a peer review? YES/NO

Referred by:___________________________

Mailing Address:

____

____

Physical Address (if Different):

____

____

CPA Owner/Partner/Shareholder – Entitled to Vote

Name:______________________________

Email Address:_________________________

CPA License #:________________State:_____

PTIN #:_____________________________

First Individual – non-CPA firm – No Voting rights

Name:______________________________

Email Address:_________________________

PTIN #:_____________________________

Other Owner/Staff Member - No Voting rights

Name:______________________________

Email Address:_________________________

CPA License #:________________State:_____

PTIN #:_____________________________

Please list other owners(s)/staff member(s) on separate page

Dues Schedule

• CPA owner - designated as the individual entitled to vote	$270
• Non CPA firm - First Individual - no voting rights	$270
• Each additional owner(s) or staff member(s) - no voting rights	$ 75
• Maximum dues for any firm	$870
• Retired CPA - no voting rights	$135

Each member firm shall subscribe to and agree to be bound by the NCCPAP by-laws and all amendments thereto which can be found on our website, www.NCCPAP.org.

Join and remit on line at www.NCCPAP.org
Check made out to: NCCPAP ☐ enclosed
Charge My: ☐ Visa ☐ MasterCard ☐ Amx For $______
Card # __________________________________
Name as it appears on Credit Card: ________________
Signature:__________________________________
Daytime Phone #:____________________________
E-mail Address:______________________________
We understand annual dues are payable in full and in advance.
NCCPAP dues are tax deductible as a business expense but not as a charitable contribution.

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