

Item #2

Potential Senior Forum
Tuesday Topics for
September and November
2013

From: RANA0527@aol.com [<mailto:RANA0527@aol.com>]

Sent: Monday, July 15, 2013 12:55 PM

To: dhyde9@cox.net; Ruliffsons2@cox.net; francinefields702@yahoo.com; gavin@gavinlwalkerinc.com; ginajolliff@comfortkeepers.com; nvmunchkin@cox.net; jordan@barlowflakelaw.com; jandbnies@aol.com; mamitalo7@gmail.com; tom.mullin@gmail.com; Corey Clark

Subject: FYI/ topic I am bring up for a forum in Sept/Nov

This is a copy of an e-mail that went out today and rather than try to remember to bring a stack of copies tomorrow, I thought I would send this to all of you so you will know what it is about when I bring it up tomorrow. If you recall, my speaker brought it up under public comment last month. He and one other man will be my presenters if the commission approves the topic for an informative forum at the senior center, McDonald Ranch and Anthem.

Sent: 7/15/2013 12:32:26 P.M. Pacific Daylight Time
Subj: Nevada Premium Tax

Dear Senator Hutchinson,

My friend and Political Editor of The Vegas Voice newspaper, Rana Goodman, suggested that I contact you in order that you might consider sponsoring legislation that would greatly assist Senior Citizens who reside in the State of Nevada.

Prior to my retirement and relocating to Sun City Anthem in Henderson in 2005, I owned an insurance agency in a suburb of Chicago for 35 years and was responsible for designing and installing the largest number of retirement plans for small businesses in the United States through a major insurance carrier, The Principal Financial Group, headquartered in Des Moines, Iowa.

In addition, many individuals purchased an insurance product geared toward retirement; the annuity, which provides an income to an individual for life, intended to supplement Social Security, other government retirement plans, and miscellaneous plans provided through private industry.

This email only pertains to the Nevada State Premium Tax that is levied on all NON-QUALIFIED life insurance and annuity products.

This tax does NOT pertain to QUALIFIED plans such as corporate pension, profit-sharing, self-employed HR-10 Keogh Plans, and 401(k) plans, as these specific avenues are EXEMPT from such taxation.

Unbeknownst to many individuals, there is a NEVADA PREMIUM TAX assessed to any NON-QUALIFIED ANNUITY payout (or purchase in some cases) that greatly reduces the actual payment to the retiree.

This tax is paid IN ADDITION TO any federal income taxation that must be paid on any subsequent gain.

Unlike other investments that are held for a long period of time, the NON-QUALIFIED annuity payment gain is subject to ORDINARY INCOME TAXATION, rather than CAPITAL GAINS treatment.

The tax burden, when both are coupled together, therefore creates a substantial reduction in pay-out to the annuitant.

In addition, NON-QUALIFIED annuity payments also add to the total income of a single individual or married individual filing jointly; and as a result, will, in many cases, also cause SOCIAL SECURITY benefits to become TAXABLE as well...further reducing spendable retirement income.

Senator Hutchinson, this Nevada STATE PREMIUM TAX is applicable not only to non-qualified insurance and annuities purchased in the state of Nevada, but ALSO to any BENEFITS paid to an individual who resides in Nevada.

In other words, in many cases, any product purchased in a state that had no such tax at time of purchase, will unknowingly, be assessed this tax at time of pay-out for the sole reason that they now reside in the State of Nevada.

Over the years almost all states who assessed such a Premium Tax have subsequently abolished it, and as of this date, only six states still have such a tax:

California (2.35%)

Maine (2.00%)

*South Dakota (1.25%)
West Virginia (1.00%)
Wyoming (1.00%)*

Nevada has the highest in the nation at 3.50%.

Senator, consider if you will, the mathematics of this tax for a moment.

With interest rates at all-time lows (a 5 year CD is paying under 2% interest), and if one is "fortunate" to obtain this 2% return from a NON-QUALIFIED annuity payment, and is then assessed a 3.50% Annuity Tax, the senior citizen annuitant therefore LOSES almost twice what he or she had gained !

It therefore creates a DISINCENTIVE to use this vehicle to save for retirement, as well as, harms the senior citizen who responsibly made an attempt to save for retirement....because that person relocated to Nevada to spend his or her retirement years.

Senator, I would greatly appreciate your consideration in sponsoring legislation to either completely abolish this harmful tax, or at the very least, consider legislation that might "grandfather" any such individuals who purchased such a product in another state where no such tax exists.

If you would like to discuss this in greater detail, please feel free to contact me at your convenience.

Thanks for listening.

Cordially.

*Richard J. Arendt, CLU
2891 Scotts Valley Drive
Henderson, NV 89052-6843
(702) 257-3395*

DiceThrow@aol.com