

## BancInsure Announces Streamlined Renewal Process

BancInsure, Inc. has announced an optional, more streamlined renewal process for its clients utilizing A. M. Best's bank ratings in lieu of its usual application. A. M. Best's ratings will be integrated into BancInsure's normal customer renewal cycle. A price discount is offered by BancInsure as further incentive to banks due to the cost savings in its underwriting process.

A. M. Best has established an interactive bank rating service focusing on providing credit ratings to community banks. Unlike the public data-derived ratings available to the majority of community banks today, A. M. Best will provide an interactive process by working directly with the management

of the bank to gain a superior understanding and knowledge of the bank and its operations.

As stated on various public occasions by **Khanh Vuong**, managing senior financial analyst of the initiative for Best, "A.M. Best's initial focus will be on U.S. banks with asset sizes ranging from approximately \$100 million at the low end to approximately \$40 billion at the high end, with a specific focus on the mid-sized and small banks. Small and mid-sized U.S. banks traditionally have not received comprehensive rating coverage. However, there are very compelling needs for ratings on small and mid-sized banks in the changing U.S. banking industry."

A.M. Best's recent public announcement stated that it believes that a comprehensive interactive rating will enhance a small or mid-sized bank's operation, by affording it greater expediency in reaching out to new deposit bases and other funding sources. Because of increasing competitive pressures, small and mid-sized banks are constantly searching for ways to improve their operations, and an interactive rating will be an indispensable part of these banks' business management tools.

"BancInsure is uniquely positioned to take advantage of this service," BancInsure President and CEO **Bill Haaland** stated, adding, "We are very

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**BancInsure . . . continued from page 18.**

pleased to be the first to market with this new streamlined underwriting process. As an underwriter of community banks, we find great value in this new service Best is offering. We also know that, as with anything Best offers, it will be of extremely high quality."

The program commenced October 1 in all states.

BancInsure is the industry's only fully independent insurer with a specific focus on providing insurance products to financial institutions. The company entered the market in 1986 amidst very difficult market conditions. After 20 years of operations, the company has business relationships with roughly 20% of the community banks in the United States. Located in Oklahoma City, OK, BancInsure enjoys an endorsement agreement with 20 state bankers organizations, including the Oregon Bankers Association. ■

## Design, Print & Ship Services Now Available at Office Depot

In a competitive business environment, on-demand business services are vital for helping a bank stand out and deliver the solutions customers require. The Design, Print & Ship services available at Office Depot are targeted to give banks the tools they need to meet business objectives, enhance brand value and promote their bank in a unique manner.

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When a bank has meetings in other locations, numerous copies to be distributed, confidentiality concerns, and needs a partner it can trust and know will deliver — Office Depot is there! It is necessary to rethink old business methods in light of a whole new way of communicating

— customized content, promoting brand value, cost effectiveness, better utilization of resources and multiple distribution channels. Office Depot understands that a variety of banking activities require paper documentation including training, employee and process manuals, presentations, forms and more. Many clients have increased their productivity by partnering with Office Depot for their multiple business solutions. It's about leveraging relationships and trust. Office Depot is widely known as a valued partner for office procurement needs and also supports many organizations with their digital solutions and print on demand requirements.

Thanks to Office Depot, a bank's desktop can become a print shop. ■

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# Overview of the Pension Protection Act of 2006

By Polly Heins, Consultant/Editor, BISYS Retirement Services

On August 17, 2006, President Bush signed the Pension Protection Act of 2006 (PPA-06), a comprehensive pension reform bill that was the subject of negotiations between the House of Representatives and the Senate since early in 2006. Certain provisions of PPA-06 take effect immediately. Other provisions will become effective in 2007 or later.

The Pension Protection Act indicates retirement plan amendments are needed, but will not be required before the last day of the first plan year beginning on or after January 1, 2009 (2011 for certain governmental plans). This article presents an overview of the major components of PPA-06 pertaining to defined contribution plans and IRAs. (A Joint Committee on Taxation summary of PPA-06 can be found at <http://www.house.gov/jct/x-38-06.pdf>.)

## Survey Results Underline Customer Satisfaction with Check Program

In a recent survey administered to BancSource's Harland Check Program participants in 10 states, 100 percent of respondents rated the program as meeting or exceeding their expectations. A significant number (40 percent) of program participants have already responded to the satisfaction survey, which was mailed along with September rebate checks.

The survey, which measured key variables including product quality, turnaround time, and customer support, was conducted in order to discover opportunities for improvement within the check program. The valuable insight provided by survey respondents will assist BancSource in their continuous improvement process and help ensure the continued strength and growth of the check program.

It's not too late for those who have not completed the survey. Every opinion is important.

If you did not receive a survey but would like to participate, please contact **Andee Rose** with BancSource at (503) 581-3522 or [arose@banc-source.com](mailto:arose@banc-source.com). ■

*A special thanks to Harland for their top-notch service:*

*"Call Center is great to work with. No matter what the problem or question, we can always get an answer. Our reps, Laurel and Debbie, are so very quick to answer and return our call. They have been extremely knowledgeable and helpful when asked. They are an asset to your company. Thank you!"*

- SURVEY COMMENT BY AN OREGON COMMUNITY BANK

### IRAs

PPA-06 provisions make the following changes to IRAs:

- Makes permanent the EGTRRA Traditional, Roth, and SIMPLE IRA contribution, catch-up contribution, and portability provisions
- Provides for indexing of Traditional and Roth IRA income restrictions (deduction and contribution eligibility)
- Makes permanent the EGTRRA Saver's Tax Credit for IRA contributions

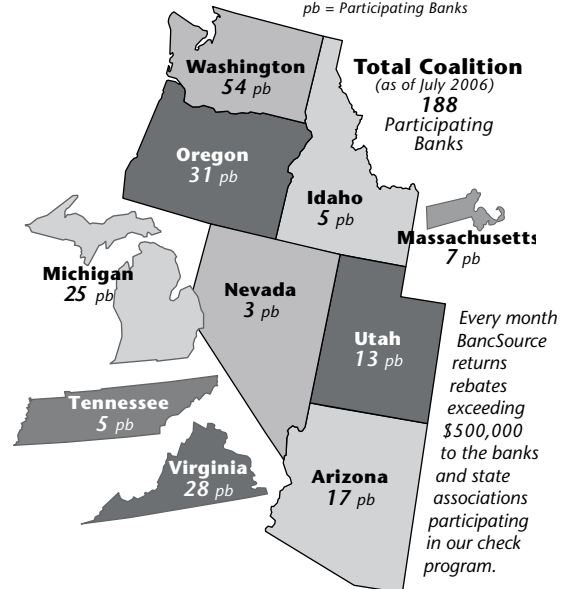
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## Check Program Highlights

Welcome New Participants!

### BANCOURCE CHECK PROGRAM

*pb = Participating Banks*



We are proud to announce that the following banks have recently joined our BancSource check program coalition:

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• <b>Heritage Bank</b> •<br/>Tempe, Arizona</li> <li>• <b>Premier Commercial Bank</b> •<br/>Mesa, Arizona</li> <li>• <b>Idaho Trust National Bank</b> •<br/>Boise, Idaho</li> <li>• <b>Pittsfield Co-Operative Bank</b> •<br/>Pittsfeild, Massachusetts</li> <li>• <b>BayBank</b> •<br/>Gladstone, Michigan</li> </ul> | <ul style="list-style-type: none"> <li>• <b>Shelby State Bank</b> •<br/>Shelby, Michigan</li> <li>• <b>Traverse City State Bank</b> •<br/>Traverse, Michigan</li> <li>• <b>Lewis &amp; Clark Bank</b> •<br/>Oregon City, Oregon</li> <li>• <b>Commencement Bank</b> •<br/>Tacoma, Washington</li> <li>• <b>Fortune Bank</b> •<br/>Seattle, Washington</li> </ul> |
|---|--|

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- Provides for direct rollovers (or conversion if pretax) of assets from QRPs, governmental 457(b) plans, 403(a), and 403(b) plans to Roth IRAs (effective for distributions after December 31, 2007)
  - Allows Traditional and Roth IRA holders age 70 1/2 and older who direct IRA distributions to be paid directly to qualified charities to exclude donated assets of up to \$100,000 per year from their income. This is effective for 2006 and 2007
  - Allows certain guardsmen or reservists called to active duty for 180-plus days to take penalty-free distributions from IRAs, and to repay those amounts to IRAs over a two-year period (distributions after September 11, 2001, and before December 31, 2007)
  - Allows income tax refunds to be paid directly to an IRA (effective after December 31, 2006)
  - Provides investment advice guidance and a prohibited transaction exemption for fiduciary advisors of IRAs, health savings accounts, and Coverdell education savings accounts (effective after December 31, 2006)
  - Allows employees participating in 401(k) plans of certain bankrupt employers to make additional IRA contributions (up to \$3,000 per year) above the annual contribution limit (effective only for tax years 2007 through 2009)
- (ACP), and top-heavy safe harbors for 401(k) and 403(b) plans with automatic enrollment and automatic deferral increases (effective for plan years after December 31, 2007)
  - Provides guidance on employer-provided investment advice with employer protection from fiduciary liability, and mandates use of a computer model or direct advice (effective after December 31, 2006)
  - Mandates participant's ability to immediately divest elective deferrals invested in company stock and mandates participants' ability to divest employer contributions invested in company stock after three years of service
  - Mandates defined contribution plans (excluding one-person plans) to provide benefit statements quarterly to plan participants in participant-directed accounts, and annually to participants of other types of accounts
  - Simplifies Form 5500 filing (raises Form 5500-EZ threshold from \$100,000 to \$250,000 effective in 2007, and simplifies Form 5500 reporting for plans with fewer than 25 participants)
  - Allows for 401(k)/defined benefit combo plans for small employers
  - Modifies hardship distribution definition to include a hardship of a participant's beneficiary even if a nonspouse or nondependent beneficiary (effective on date of enactment)
  - Gives the IRS more authority to modify sanctions under the Employee Plans Compliance Resolution System (EPCRS) and create programs for small employers

### Defined Contribution Retirement Plans

PPA-06 makes the following changes for defined contribution plans:

- Makes permanent the EGTRRA contribution, catch-up (including SEP and SIMPLE IRA plans), portability provisions, and the qualified Roth contribution program for 401(k) and 403(b) plans
- Makes permanent the EGTRRA Saver's Tax Credit, allowing up to \$2,000 in tax credits to qualifying taxpayers who make contributions to deferral-type employer plans
- Encourages participation in 401(k), 403(b), and governmental 457 plans through automatic enrollment. Introduces actual deferral percentage (ADP), actual contribution percentage

assets to a beneficiary IRA (effective for distributions after December 31, 2006)

- Provides greater portability of after-tax assets between employer-sponsored plans (401(k) and 403(b)) (effective after December 31, 2007)
- Accelerates vesting in defined contribution plans for certain employer contributions
- Extends the deadline for qualified retirement plans to provide certain distribution notices (e.g., 402(f) notices) to no more than 180 days before the distribution is made

### Summary

Certain provisions of the Pension Protection Act of 2006 take effect immediately. Other provisions will become effective in 2007 or later. Financial organizations must take immediate steps to familiarize staff with the new rules and modify their internal procedures and retirement services technologies as needed. The Pension Protection Act of 2006 will affect financial organizations in the following areas.

- Compliance
- Operational procedures
- Forms and documents
- Training and staff development
- Systems and technology
- Marketing and business development

Now is the time to begin your analysis of how to implement the Pension Protection Act of 2006. BISYS Retirement Services has posted an "Alert" on their website, [www.bisysretirement.com](http://www.bisysretirement.com), for further analysis of PPA-06. ■

