



Sullivan's

AMERICAN INSURANCE AGENCY



"We're There When You Need Us Most"

108 9TH - LEWISTON, ID 83501 (208) 746-9646

IN OUR 74TH YEAR - DECEMBER 1996



Happy Holidays

From The Sullivans & Staff At
American Insurance Agency

1997 marks the 75th Anniversary of American Insurance Agency. Since 1922 we have served you, our customers and friends, through the Roaring 20's, the Great Depression, panics, booms & busts; World War II, The Cold War, conflicts & police actions; Presidents great and small, assassinations & impeachments; Industrial revolution, communication age, computer age, information age & cyberspace - American Insurance Agency has weathered every storm and become bigger and stronger with each passing year - *thanks to you.*

To celebrate our 75th Anniversary we plan to have a summer party in July with you as our guest of honor. Details will follow in June. We greet 1997 with great optimism and energy. Despite all challenges we are excited by the vast opportunities to serve you in new and better ways. For now, please accept our heartfelt "thanks" and our best wishes to you and your family during this holiday season. **Merry Christmas & Happy New Year!**

For the Sullivans & Staff,

John B. Sullivan
President



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Medical Insurance

Medical Insurance Is Being Turned Upside Down!

Radical changes in group and individual medical insurance plans are coming to the valley in 1997. New benefit options, new medical companies, new pricing! American Insurance Agency is responding by taking the lead in medical benefits for employers and individuals with the creation of a full service Medical Benefits Department.

Benefit expert Tim Gleason, former District Sales Executive for Medical Service Bureau, heads up the department for the agency. Tim brings a wealth of knowledge and experience to the table to help you design a better plan and negotiate a better premium.

NOTICE: MSB & Blue Cross of Idaho Customers

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Sullivan's AMERICAN INSURANCE AGENCY SERVICES:

Personal Coverages

- ▲ Automobile & Motorcycles
- ▲ Homeowners, Mobile Homes & Renters
- ▲ Motorhomes, Boats & Travel Trailers
- ▲ Liability - Personal Umbrella
- ▲ Duplex - Rental Homes

Business Coverages

- ▲ Business Auto
- ▲ Package Policies Save Money - Retailers & Contractors - Manufacturers & Service
- ▲ Property & Liability
- ▲ Workers Compensation & Bonds
- ▲ Farms

Benefits

- ▲ Life Insurance
- ▲ Medical Insurance
- ▲ Medicare Supplements
- ▲ Group Insurance Benefits
- ▲ Individual Retirement Accounts
- ▲ CD/Annuities
- ▲ Disability Insurance

No Cost Services

- ▲ Photocopying
- ▲ Fax Machine Use 208-746-9640
- ▲ Toll Free Calling 800-735-6355
- ▲ Notary Service
- ▲ 24 Hour Personal Assistance

IRAs They Have Changed! Take A New Look.

John Sullivan

Many individuals, as well as small and medium-sized businesses, have not recognized the value of Individual Retirement Accounts (IRAs) - and now IRAs are an even better investment with Congress recently passing new legislation affecting this type of benefit. Two pieces of legislation that passed into law affecting Individual Retirement Accounts were the Small Business Job Protection Act of 1996 and the Health Insurance Portability and Accountability Act of 1996.

The following briefly summarizes the key changes:

Good News For Married Couples!

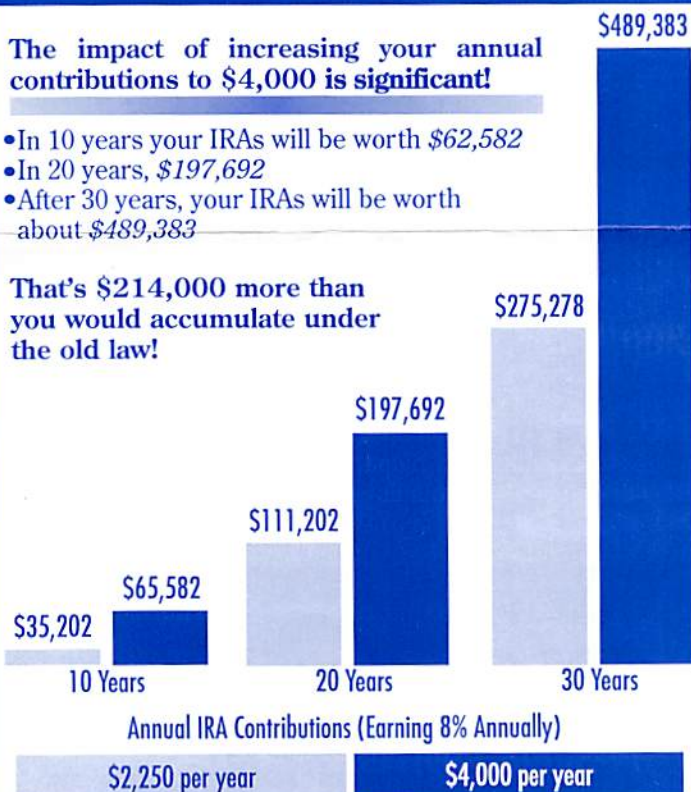
Larger IRA Deduction Limits For Married Couples:

Beginning in January, 1997 married couples filing a joint return will now be able to deduct up to \$2,000 in an IRA for each spouse even if only one spouse had earned income. *This is a total of \$4,000 versus the previous maximum of \$2,250.* Deductible IRA contributions are still subject to the current active participation status and adjusted gross income limits. The new contribution increase of \$4,000 can make a substantial difference in retirement savings. Here's an example: Assume you and your non-working spouse contribute \$2,250 per year to your IRAs. Your contributions are fully deductible, and your account earns 8 percent per year. Over a 10 year time period, your IRAs will be worth \$35,202; after 20 years, \$111,202; and after 30 years \$275,278. Sound good? *You'll find the impact of increasing your annual contribution to \$4,000 even better!* ▼

The impact of increasing your annual contributions to \$4,000 is significant!

- In 10 years your IRAs will be worth \$62,582
- In 20 years, \$197,692
- After 30 years, your IRAs will be worth about \$489,383

That's \$214,000 more than you would accumulate under the old law!



IRAs Continued on Page 3

Losing Interest In the Bank?

Make More Money With Our CD/Annuities

CD I (1yr).....**5.60%**

CD III (3yr)..**6.20%**

CD V (5yr)...**6.45%**

- Guaranteed Principle and Interest
- Optional Tax-Deferral on Interest
- Short-Term Investments

No fees or expenses, small penalty for early withdrawal. Minimum deposit required. *CD/Annuities are issued by Old Standard Life, a legal reserve life insurance company. Interest rates are quoted as current effective annual yields for the term of the certificate. Principle and interest is fixed and guaranteed by Old Standard Life Insurance Company. CD/Annuities are available to Idaho residents only.

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Medical Insurance Is Being Turned Upside Down!

Notice: MSB & Blue Cross of Idaho Customers

Medical Service Bureau and Blue Cross of Idaho have changed the way they sell and service their policies. Rather than going direct to the company for your policy both companies have appointed agents at American Insurance Agency as select brokers to quote, sell and provide ongoing policy service. If you now are insured with either MSB or Blue Cross you can select American Insurance Agency as your service representative. There is no cost or change in rate for our service. It is a benefit of your policy. Please call us for further information.

Qual-Med, John Alden, Principle Group & More

With one call to American Insurance Agency you have access to every major provider of medical insurance in our region. Besides MSB and Blue Cross of Idaho our benefits department represents Qual-Med, John Alden, Principal Group, New York Life, Washington Basic Health, Blue Cross of Washington/Alaska, and more

Is Managed Care In Your Future?

Managed Care coverage options will be available to you in 1997 from a variety of our companies. Managed Care programs place emphasis on staying healthy, as well as careful maintenance of any existing medical conditions. Health care expenses can be budgeted through low predictable copayments; and covers preventative care as well as coverage for illness or injury.

All You Really Need Is One Phone Number

For more information and a medical proposal for you or your employees all you need to do is call us 746-9646 or 1-800-735-6355. Tim Gleason and our Benefits Department will make sure you have every advantage in medical coverage and pricing. Just call, we'll do the rest.

One Stop Insurance!

By Combining All Your Insurance With One Professional Agency You:

- Avoid Gaps in Coverage
- Avoid Costly Duplications
- Avoid Loss of Discounts

As an Independent Insurance Agency - we can offer you a variety of coverages that best fit your needs along with the personal service, accurate quotes and quick claims you deserve. **Let us shop for you!** Dare to compare and bring in your insurance policies, large or small, to discover how we can enhance your coverage! American Insurance Agency - experienced, trusted and stable since 1922!

We Promise

1. Courteous, friendly, and personal service!
2. Prompt and accurate premium quotations.
3. To seek options and discounts that reduce your costs.
4. To take time to listen to your needs and concerns.
5. To give professional advice on your insurance and benefit program.
6. Quick claims handling.
7. To return your phone calls promptly.
8. To contact you annually for an insurance and benefits review.
9. To invest in our community's stability and quality of life.
10. To keep our promises.

PERSONAL COVERAGES

- ▲ Automobile, Motorcycles
- ▲ Homeowners, Mobile Homes, Renters
- ▲ Motorhomes, Boats, Travel Trailers
- ▲ Liability - Personal Umbrella



BUSINESS COVERAGES

- ▲ Business Auto
- ▲ Package Policies Save Money
 - Retailers & Contractors
 - Manufacturers & Service
- ▲ Property & Liability
- ▲ Workers Compensation & Bonds
- ▲ Farm/Ranch Policies



BENEFIT COVERAGES

- ▲ Life Insurance
- ▲ Medical Insurance
- ▲ Group Insurance Plans
- ▲ Investment Services
- ▲ Retirement Plans
- ▲ Medicare Supplements
- ▲ Long Term Nursing Home Care



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IRAs

They Have Changed! Take A New Look.

Good News For Small Business Owners!

SIMPLE: Savings Incentive Match Plan for Employees.

A new SIMPLE retirement plan will be available January, 1997 for employers who have 100 or fewer employees. These plans may be in the form of a 401(k) plan or an IRA and employees who earn \$5,000 or more are eligible. The plan must permit contributions only under a qualified salary reduction arrangement and employee contributions must be a percentage of compensation but not exceeding \$6,000 per year. Each employee can select their own contribution percentage and employers must match employee contributions up to 3% of compensation or alternatively contribute 2% of compensation for each eligible employee. All contributions are fully vested. Employer contributions are deductible and employee contributions are not included in taxable income.

Information That May Also Affect You!

- Five-year income tax averaging for qualified plan lump-sum distributions will not be available after December 31, 1999.
- Starting next year, employees who are still working for their company after age 70 1/2 do not have to begin taking their required minimum distributions from their company's tax qualified retirement plan *until April 1 of the year after the year they retire*. Five percent owners and IRA owners are still required to begin their distributions by April 1 of the year following the year they become 70 1/2.
- The 10% penalty tax for pre 59 1/2 distributions from an IRA is waived for distributions for medical expenses that exceed 7.5% of the taxpayer's adjusted gross income. Effective for distributions after December 31, 1996.

IRAs Are A Valuable Tool For Anyone Saving For Retirement!

IRAs are a valuable tool for anyone saving for retirement - and American Insurance Agency would like to encourage you to take advantage of the benefits IRAs have to offer. Don't sit back and depend on the government and your employer to fund your retirement.

To find out more about the new legislation affecting IRAs, or IRAs in general contact John Sullivan at American Insurance Agency.

Dave Root Earns CIC Designation



Dave Root

American Insurance Agency is pleased to announce that agent Dave E. Root has received the CIC, Certified Insurance Counselor, designation by the National Society of Certified Insurance Counselors, the nation's largest provider of professional insurance education.

Dave is a 15 year veteran insurance agent - specializing in Commercial Insurance at American Insurance Agency. In order to earn the designation CIC, Dave attended five institutes covering all phases of the insurance business and passed five rigorous examinations.

Tim Gleason Joins Agency



Tim Gleason

American Insurance Agency is proud to announce that Tim Gleason has joined the agency as head of the Group Medical Benefits Department.

Formerly District Sales Executive for Medical Service Bureau for six years, Tim is highly experienced in designing group medical benefit plans for small and large businesses. Now, through American Insurance, an independent agency, Tim represents all the major group medical insurance companies that do business in our area.

Tim is a life long resident of Lewiston and a graduate of Lewiston High School and the University of Idaho. He is married to Gretchen Gleason, an elementary school teacher in Lewiston.

Idaho Workers Compensation

Changes Effect All Businesses



Idaho's 79-year old exemption for agriculture from the state's workers compensation law will end on January 1, 1997. Of course, what this means to you is that anyone hired to work on a farm (including seasonal, part-time or hired even for one hour of work) beginning January 1, 1997 must be covered under workers compensation insurance.

American Insurance Agency is local agent for the Idaho State Insurance Fund and will assist area farmers in securing workers compensation coverage for their employees beginning January 1, 1997. We are here to help everyone comply with the new law and keep the premiums to a minimum.

Other changes in the law effect not just agriculture interests but all of Idaho's smaller businesses

Minimum premium: The law reduces from \$610 to \$300 as the most that can be charged for a "minimum premium," and it sets \$150 as the lowest amount for a minimum premium. Premium is determined by the employer's classification rate multiplied by payroll. If that amount exceeds that classification's minimum premium, then the higher amount is used to determine the annual premium.

Partnerships and sole proprietorships: Partners and sole proprietors will still be exempt from coverage, but if they elect coverage, their premium will be based on an annual salary of \$13,000 instead of the current \$29,700.

If you have any questions about Workers Compensation or need a quotation for coverage please call Shawn for assistance. 1-800-735-6355 or 746-9646.



Shawn
Sullivan



"We're There When You Need Us Most"



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