



## PROTECTING YOUR HOME OR COMMERCIAL BUILDING - CHOOSING THE RIGHT COVERAGE

### Selecting the Right Coverage

At Sylvia Insurance we can help you determine the replacement cost of your building if you had to reconstruct it at today's prices – using modern technology. This calculation tool allows us to estimate the replacement cost based on reconstruction costs, not market value or the cost of new construction.

### Reconstruction Can be Pricey

Reconstruction cost – the cost to rebuild your building to original specifications with similar materials and craftsmanship – is generally more expensive than building a new building from scratch. In fact, building experts say that it costs up to 30% more to rebuild a building than to build new.<sup>1</sup> Why?

**Specialized labor costs:** Builders used for reconstruction require a higher skill set, as they have limited onsite mobility and must work around existing structures, landscaping and power lines using smaller machinery.

**New codes:** Rebuilding may require contractors to meet new building codes put in place since your building was originally built.

### Don't Rely on Market Value

Building market values reflect today's

economic conditions, taxes and many other factors that have little to do with building reconstruction costs. Plus, market value includes the cost of the land, which will still be there if a building is destroyed. Market value is also influenced by other factors such as the location of the building, the quality of the school systems and the desirability of the neighborhood.

### New Construction Costs Explained

Insuring your building for what it would cost to build it brand new today won't be enough to rebuild it if it were destroyed. Very often, new buildings built today are part of a larger development which allows contractors to purchase lumber, electrical and plumbing supplies in bulk at discounted prices. These large volumes make square footage costs much lower than building just one building at a time.

### Building Inspection, Another Safeguard

As an extra measure to help you select the right amount of coverage, your insurance carrier may want to have an inspection done on your building. Certain buildings may be more difficult to evaluate based on their specifications alone. For example, if you have an older building, the carrier will want to ensure

that they capture all the details from that period – so that it can be rebuilt with all of its vintage charm.

### Keep Your Coverage Up-to-Date

You should review your property policy with us periodically to verify that all of your coverages are adequate. Although the carrier may increase your coverage amount each year to account for inflation, this increase does not reflect any changes or additions you may make to your building. Even common changes such as: upgrading floors, kitchens, or bathrooms; adding a deck or patio; or adding on an addition can affect your replacement cost. That's why it's very important to contact us when making any building improvements.

### When in Doubt, Request a Review

To determine whether you have enough coverage to rebuild your building, call Sylvia Insurance now for a coverage review.

*1) Researched by Marshall & Swift/Boeckh, 2008*



## SAFETY TIPS FOR WORKING IN COLD CLIMATES

- Dress properly
- Wear layers of clothing that should include a "moisture-managing" layer that allows perspiration to pass through but also traps air
- Take frequent breaks to avoid high wind burns and frost bite
- Drink warm, sweet beverages (sugar water, sports-type drinks) and avoid drinks with caffeine (coffee, tea, sodas, or hot chocolate)
- Eat warm, high-calorie foods such as hot pasta dishes
- Avoid exhaustion or fatigue because energy is needed to keep muscles warm
- Learn the signs and symptoms of cold-induced illnesses and injuries and what to do to help coworkers

## THE YEAR OF THE ROTH IRA CONVERSION

A recent surge in interest about Roth IRA conversions is hardly surprising considering that starting in 2010, all taxpayers, regardless of income, are eligible to convert tax-deferred retirement assets to a Roth IRA. Prior to this change, the law prevented taxpayers with household incomes above \$100,000 from converting assets to a Roth IRA.

If you are among the nearly 50% of Americans who believe their own taxes are going to increase, you may be interested in the possibility of a tax-free income that a Roth IRA conversion can bring.<sup>1</sup>

A Roth IRA is a retirement savings vehicle that differs from tax-deferred retirement accounts such as traditional IRAs and most employer-sponsored retirement plans. With a Roth IRA, you make contributions with after-tax dollars, but qualified withdrawals after age 59½ are tax-free. Furthermore, a Roth IRA does not require minimum annual withdrawals after age 70½. It should be noted that there are still annual income limits in place for determining eligibility to contribute to a Roth IRA. The income limitation was eliminated only for conversions.

To qualify for the tax-free and penalty-free withdrawal of earnings and amounts converted to a Roth IRA, the account must be in place for at least five tax years and the distribution must take place after age 59½ or as a result of death, disability, or a first-time home purchase (\$10,000 lifetime maximum).

### Taxing Choices

When you convert tax-deferred assets from a traditional IRA and/or a former employer's 401(k), 403(b), or 457 plan, the amount you convert in a given year needs to be declared as income on your tax return. If you are younger than age 59½ and pay the taxes from money that is not in the tax-deferred account (the recommended option), you can avoid a 10% federal income tax penalty.

Fortunately, you have options when it comes to paying the taxes on a Roth IRA conversion. In 2010 only, you can convert eligible retirement assets to a Roth IRA without having to claim the amount as income on your 2010 tax return. If you elect to do this, you must declare half of the converted amount as income in 2011 and the other half as income in 2012. In this way, you wouldn't have to start paying taxes on

a 2010 Roth IRA conversion until April 15, 2012.

However, by deferring the taxes on a 2010 conversion, the converted amount will be taxed at the income tax rates in effect in 2011 and 2012. As it stands, tax rates are scheduled to increase in 2011. Unless Congress acts to avert the tax rate increase, the taxes on Roth IRA conversions will be higher after 2010.

Also consider whether converting a sizable amount to a Roth IRA could move you into a higher tax bracket. If so, you may decide to convert smaller amounts over a period of several years.

If you have IRAs into which you have made both deductible and nondeductible contributions, the tax implications of a Roth IRA conversion can become complicated. It may be prudent to consult a tax professional. We can also be of assistance when determining if a Roth conversion is right for you. If you would like a free review of your IRAs or any other investment you have, please call Sylvia Financial to set up an appointment at 508-995-4080.

*1) Rasmussen Reports, September 3, 2009*

## TWO GENERATIONS OF OUTSTANDING ACHIEVEMENTS

The Sylvia Group is pleased to announce honors bestowed upon two generations of owners in the past year.

*Vincent Sylvia* was recently honored with the Henry J. Barry Jr. Memorial Pacesetter Award by the Massachusetts Association of Independent Insurance Agents (MAIA). This award is given annually to an agent who has demonstrated outstanding leadership and service to the agency community and the public. It is the highest honor bestowed by the MAIA and is presented

to an agent who has contributed their time, talent and energy to the improvement of the agency system.

*Maureen Sylvia Armstrong*: After being named the 2008 Southcoast Woman of the Year by the Standard Times, Maureen was presented with several honors in 2009. She received the 2009 Community Hero Award from the Ocean Explorium at New Bedford Seaport, the 2009 Outstanding Service Award from the New Bedford Area Chamber of Commerce, and was recently presented with the SafeCo "Community Hero" grant through

their Agent Giving Program. This award is announced after selecting the recipients from numerous nominations. SafeCo presented a \$5,000 check to the Ocean Explorium in honor of the award.

*Beth Sylvia Caldwell* was recognized by the New England Business Bulletin, part of Southcoast Media Group, as one of the region's Top Young Professionals under 40. She was selected as a business leader who has excelled in her field while continuing to give time to the community.

## CYBER LIABILITY

Risk managers and business owners face increasingly serious information technology challenges. Regardless of business size, nearly 80% of companies that deal with computer transactions report that they suffer at least one computer security breach yearly and that they have been victimized by computer related vandalism (including denial of service attacks where operations are jammed). Of these businesses, nearly 70% admit that such problems generated significant financial losses.

Most security breaches have involved attempts by criminals to acquire sensitive company information, usually concerning their customers or clients.

Even when the attempts are unsuccessful, the financial and human resource costs associated with handling these and other cyber liability risks are staggering.



### Here are some tips for businesses on how to manage cyber risks:

- Have a formal process in place to update software, firewalls, and anti-virus programs regularly and promptly.
- Safeguard mobile devices that hold sensitive personal data. Encryption is a key tool to do this.
- Safeguard personal information within the workplace, segregating pay information and personal details on a separate part of the network and restricting access to staff on a “least privilege” need to know basis.
- Develop a firm set of operational and procedural guidelines to support security policies and standards that must be followed to maintain security.
- Implement regular staff training on security procedures and employ rigorous staff vetting when hiring.

- Make sure you have a crisis management plan in place which has been rehearsed and can be executed as soon as you detect a potential security breach.
- The first 24 hours of a security breach is critical: implement the crisis plan immediately. Time is of the essence, particularly if regulatory reporting is required.
- Having insurance in place is a big bonus for companies involved in a security breach. In addition to covering many of the major costs, insurance carriers that Sylvia Insurance has to offer have many of the resources available to advise a company on what they need to do, as well as expert contacts to handle the situation expediently.

To find out more about your options for cyber liability coverage, contact Sylvia Insurance at (508) 995-4553.

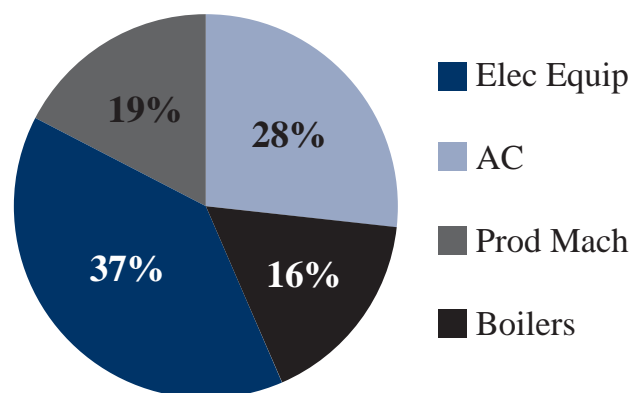
## AS A BUSINESS OWNER, DID YOU KNOW THAT BOILER LOSSES ARE NOT THE LOSS LEADER FOR BUSINESS “BOILER INSURANCE”?

According to a recent equipment breakdown claim study conducted by Travelers Insurance, losses to air conditioning systems, a wide range of electrical equipment, and production machines are “loss leaders”. The old adage of “I don’t have boilers, so I don’t need boiler insurance” is truly old these days.

To help you better understand the variety of equipment breakdown exposures you have to contend with, visit the resources page on our website to see our Equipment and Coverage Guide. You can also contact your Account Manager and they will be able to assist you in making sure all of your equipment coverage needs are accurate.

Our website can be found at [www.sylviainsurance.com](http://www.sylviainsurance.com).

### Travelers Incurred Equipment Breakdown Losses (2007-2009 in US\$)



## COBRA EXTENSION EXTENDED

The federal government amended The American Recovery and Reinvestment Act of 2009 (ARRA) on December 19, 2009 to extend premium assistance to eligible individuals who lose health coverage due to involuntary termination of employment. The initial bill was passed on February 19, 2009 and allowed for up to nine months of premium assistance to those individuals terminated between September 1, 2008 and December 31, 2009. However, the amendment

now extends premium assistance for up to fifteen months, and extends the qualifying termination date to February 28, 2010.

The premium assistance is 65% of the COBRA premium and is reimbursed to the group health plan through tax credits on the federal wage and tax filing. Because this law affects individuals who may have lost COBRA assistance on or after October 31, 2009, additional notification by the health plan

is required to allow individuals retroactive coverage during the law's 'transition period' established through this latest legislation.

Sylvia & Company's Financial Services & Benefits Department can help your business understand and respond to this latest twist in the ARRA extension. For further assistance or questions, contact us at (508) 995-4553.

## UPCOMING WEBINARS

In 2009, Sylvia Insurance provided complimentary webinars ranging from Employee Classification, to COBRA, and even Medicare. Considering the large amount of positive feedback we received, we have decided to offer even more free webinars to our clients this year and will be adding in more useful topics such as Small Business Benefits, Charitable Contributions, Wellness Programs, and so much more.

Listed to the right is a few of our upcoming webinars. The dates and times will be posted on our website under the "News & Events" page. You can visit our website at [www.sylviainsurance.com](http://www.sylviainsurance.com).

You can also request to receive our emails that announce the upcoming webinars as well. To do this, contact Kristine Arsenault at (508) 742-9247 or [karsenault@sylviainsurance.com](mailto:karsenault@sylviainsurance.com).

### WEBINAR SCHEDULE FOR 2010 1ST TRIMESTER

**February 2010**  
*Workplace Wellness*

**March 2010**  
*Roth IRA Conversion*

**April 2010**  
*Charitable Contributions*



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